YEAR 2000 ASSESSMENT

# EDUCATION FOR ALL



## Financing of Elementary Education in India

Jandhyala B.G. Tilak

Ministry of
Human Resource Development
Government of India

National Institute of Educational
Planning and Administration
New Delhi

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# Editorial Note

The EFA 2000 Assessment process in India was set in motion around the middle of 1999. The basic framework for the review process was given by the UNESCO. The framework consisted of eighteen indicators ranging from literacy rate and enrollment figures to allocation of finances to primary education. Information on these indicators was to form the overall framework for assessing the progress made. In India, a National Assessment Group was set up at the MHRD to coordinate the effort. The Group felt during its deliberations that mere statistical indicators will not capture the whole gamut of efforts that have gone on during the decade. It was decided that while data on the quantitative indicators will be compiled, effort will be made to carry out a qualitative review of the situation in a more comprehensive and objective manner with the help of independent reviewers.

In delineating the broad contours for the review process, developments in basic education during the EFA decade was kept as the main focus. However, it was felt that in the Indian context, a natural time period for any such review was the launching of the National Policy on Education in 1986. It is not difficult to find the rationale for this decision. In India's not so smooth journey towards the goal of UEE, National Policy on Education - 1986 stands out as a significant landmark. The NPE had been formulated after conducting a prolonged nationwide debate on the problems and issues confronting the education system in the country. Further, along with the formulation of the policy a "Programme of Action" was adopted which clearly outlined the strategies and processes to be pursued for achieving UEE. This was followed by a framework of partnership between the Central and State Governments on a massive scale through a number of Centrally Sponsored Schemes. With this in the backdrop, any review of EFA will virtually be a reflection on the implementation of recommendations made by the NPE. Thus, for the present qualitative review, though the 1990's remain the focus, developments in the post-NPE period form the larger canvass.

As is well known, 1990's saw the opening of the primary education scene to external assistance on a fairly large scale. Possibly as part of the commitments made by the international donor community at the Jomtien Conference, the country saw the emergence of a large multi-State programme for EFA under the banner of District Primary Education Programme. Alongside this, Rajasthan initiated a fairly large programme of EFA under the name of *Lok Jumbish*. In the changed scenario, primary education in India truly became a subject of international scrutiny. The EFA projects have been in operation, gradually expanding to cover half the country, for six to eight years. These EFA initiatives coupled with various centrally sponsored schemes have undoubtedly made 1990's the most intensive period of primary education development in India. Meanwhile, the literacy scene also got galvanized with mass literacy campaigns stretching across the length and breadth of the country through the National Literacy Mission. Therefore, any EFA assessment exercise carried out at the present juncture will throw light on the performance of these initiatives.

Another development in the last decade that forms a part of the backdrop for the review is the Supreme Court judgment which, interpreting the constitutional provisions, declared basic education as a fundamental

right of every citizen requiring the State to make necessary provisions as a basic obligation. Currently, a bill to amend the Constitution is under the consideration of the Parliament to incorporate education upto fourteen years as a fundamental right of every citizen. Simultaneously, at the international level, basic education got a prime place in the development discourse as a component of the Human Development Index brought out by UNDP. These national and international developments have transformed the status of UEE from merely being a public sector activity of the State to that of a legal obligation, societal responsibility and moral commitment. To what extent have these been operationalised will be reflected in the review of the situation.

Having drawn the broad framework for the review exercise, the National Assessment Group identified a number of themes covering a range of topics from literacy to financing of elementary education. A meeting of authors was held to discuss the process of preparing the review and to get a common perspective on the purpose and expected outcome of the exercise. The reviews are based essentially on secondary sources, which document the developments in recent years. Each paper attempts to situate the review in the larger education scene in the country and draw broad directions for the future. However, the structure of each paper was decided by the author keeping in view the theme being dealt with.

Initial drafts of the papers were shared by the authors in two Workshops attended by several Central and State Government officials, educationists and representatives of international agencies. The papers were revised based on the feedback received during the Seminars. Individual discussions were also held with several of the authors while editing the papers. Some papers were rewritten. Several papers came at the last minute with very little time to edit or revise. Therefore, one can say that the papers as shared in this series are at different stages of finality. Some authors have already indicated their desire to revise the paper. Nevertheless it was considered important that they are shared in their present form at the World Education Forum being held at Dakar, Senegal from 26-28, April 2000. Thus, these twentyone thematic review papers and four state specific case studies, listed below, form part of the country portfolio on EFA 2000 Assessment along with the national report on the current status of EFA in India.

## Thematic Reviews

*Adult Literacy*: Mass literacy campaigns of the NLM changed the common perception of adult education programmes and established that if done in the right manner they can influence the scene significantly. But what has been the ground reality? What has happened beyond literacy campaigns? Many scholars consider that the value of the literacy campaigns lies not so much in imparting reading and writing skills to adult illiterates but in their capacity to influence the quality of life of the people. There are three papers dealing with literacy and adult education: *(1) Indian Engagement with Adult Education and Literacy, (2) Literacy Campaigns and Social Mobilization, and (3) Changing Concepts and Shifting Goals: Post-literacy and Continuing Education in India.* Together, the papers give a retrospective overview of the concepts involved, a review of the progress made and also take a critical look at the processes adopted.

*Girls' Education:* Many consider that the problem of universal elementary education in India is essentially a problem of girls' education. The National policy on Education-1986 pointed out that the problem of girls' education can not be dealt with in isolation from the broader questions of women's status. In fact, this also led to special programmes addressing the issue of women empowerment such as *Mahila Samakhya*. Keeping this in view, two papers are prepared: *(1) Education of Girls in India: An Assessment; and (2) Education and the Status of Women.* The papers while sounding positive highlight the long distance yet to be traversed for achieving the goal of UEE for girls and for addressing the issue of gender equity in education.

*Early Childhood Care and Education:* Increasing empirical evidence points to the value of providing preschool experience to children not only for improving their readiness for schooling but also as part of meeting the basic needs of children. The NPE called for taking an integrated view of early childhood care and education. The paper on *Early Childhood Care and Education* examines the situation comprehensively dealing with school based pre-primary education programmes as well as the more wide spread ICDS programme.

*Reaching the Marginalised:* Data clearly point out that several groups of children continue to remain on the margin raising serious questions of equity in educational development. Many groups in India fall into this category, which include the urban poor, child workers, children of ethnic minorities, and children with special needs. Four papers deal with this issue: *(1) Children, Work and Education: Rethinking on Out-of-School Children, (2) Education of the Urban Disadvantaged, (3) Education among Tribals, and (4) Education of Children with Special Needs.* The four papers though on diverse themes, assess the reach of the current programmes of EFA in meeting the educational needs of the marginalised groups.

*Teacher and Teacher Education:* As the Education Commission 1964-66 pointed out, the destiny of the country is being shaped in the classrooms. And, it is the teachers who hold the key position in determining the course of transaction that takes place in schools and classrooms. Thus, an analysis of the status of teachers and their professional preparation needs a close analysis in the context of EFA. Two papers on the subject are presented: *(1) Primary Teacher Training in the EFA Decade, and (2) Status of Elementary Teachers in India.* The first paper takes stock of the programmes of teacher training in terms of institutional arrangements available as well as innovative efforts initiated in recent years. The second paper adopts a broad perspective on the subject and deals with different categories of teachers involved in basic education programmes.

*Teaching-Learning Material:* Curriculum and textbook preparation has come to be generally perceived as a centralized activity carried out, directly or indirectly, under the control and supervision of State Government bodies. One could see significant changes in this regard during the 1990s. The first steps in decentralizing material production to make it more locally relevant were taken by the National Literacy Mission. The EFA projects also gave tremendous impetus to the process of producing child friendly textbooks. New framework of collaboration between Government institutions and NGOs also seem to have emerged. But the area is still rid with many critical issues. These are dealt with in the paper: *Texts in Context: An EFA 2000 Review - Development of Curricula, Textbooks, and Teaching Learning Materials.*

*Media in EFA:* The 1990s, particularly through the mass literacy campaigns, demonstrated the potential of traditional media and methods in the field of education. Use of electronic media in building a positive environment in favour of EFA efforts also got a big boost during the period. What has been the overall role of media in relation to EFA? How can the profile of media in EFA efforts be enhanced? These and other related questions have been systematically addressed in the review paper on *Role of Media in Education For All.*

*Quality of Schooling:* The NPE redefined UEE to include not only provision of universal access and universal participation but also achievement of acceptable standards of learning. This brought to centre stage issues related to quality. Two papers address this issue: *(1) Learning Conditions for Primary Education: A Review* and *(2) Learner Achievement in Primary Schools.*

*Management Strategies for EFA:* The NPE advocated for adopting a participatory approach for educational management and considered the goal of EFA unachievable without the active involvement of the civil society. Building partnership between Government and Non-Government agencies has been repeatedly endorsed by policy makers. But what space do they really occupy in the overall EFA effort? Similarly, role

of private efforts in provision of education has come for serious consideration in recent years. The new *Panchayati Raj* initiatives take management issues into the larger context of political administration. These are the themes and issues addressed in a set of four papers: *(1) Role and Contribution of NGOs to Basic Education, (2) Decentralisation of Education, (3) Role of Private Schools in Basic Education, and (4) Participatory Micro-Planning for Universal Primary Education.*

*Financing of Elementary Education:* The move to make basic education a fundamental right and the accompanying effort to assess the funds required for universalizing elementary education has brought to sharp focus the question of financing elementary education in India. Acceptance of relatively large size support from external funding agencies for the purpose has compounded the issue. There are some who still consider that India can and should finance its basic education from domestic sources. Expectation in some quarters that privatisation could help mobilize substantial resources for EFA has added a third dimension to the debate. These issues are dealt with in the paper: *Financing of Elementary Education in India.*

## State Specific Case Studies

It is fully recognized that sustainable change and development in basic education is highly conditioned by State specific contexts. Mere funds and schemes from the Centre will not guarantee the achievement of UEE goals. It is highly dependent on traditions and values of the local people; commitment and enthusiasm of the State level educational leadership; and capacity to adopt innovative approaches. Viewed from such a perspective authentic accounts of EFA achievement would demand understanding the processes, problems and prospects of achieving EFA in every State independently. But, that would have been too ambitious. In depth analysis of the situation was carried out in four selected States, namely, Himachal Pradesh, Mizoram, Rajasthan and Tamil Nadu. From the EFA process and achievement point of view, the four States get self-selected. Success of Himachal Pradesh came into lime light with the PROBE study which pointed out how the State has gone way ahead of some of its neighbouring States. The study on Himachal Pradesh which is aptly entitled: *Primary Education in Himachal Pradesh: Examining a Success Story,* captures the factors contributing to the relatively quick progress made by the State. The Mizoram study: *EFA in Mizoram: The Dynamics of Success* brings out the unique role played by local youth and women organizations within the background of pioneering work done by religious organizations. Tamil Nadu case study, *Progress Towards Education for All: The Case of Tamil Nadu,* presents a success story of a different kind. The overt social policies and programmes of the State, including the famous Nutritious Noon Meal Scheme, are attributed to have made a significant impact on school enrollment in the 1980s. Subsequently, with its apparent success in controlling the population growth, the state has got the opportunity to pursue quality concerns of EFA in an effective manner. Rajasthan cannot stake claim to join the company of the other three States based on quantitative progress in EFA. In the league table of States of India, Rajasthan continues to occupy a very low rank. The case of EFA in Rajasthan is entitled, *Universal Elementary Education in Rajasthan: A Study with Focus on Innovative Strategies.* The study takes a look at exemplar practices adopted in two major programmes contributing to EFA goals, namely, *Shiksha Karmi* and *Lok Jumbish.*

The review exercise was carried out with the full involvement of the Department of Education, Government of India. I should record my thanks to the Indian National Commission for Cooperation with UNESCO for giving not only full support and cooperation but also a free hand in carrying out the work. In particular, I should acknowledge the special interest taken by Mr. Champak Chatterji and Mr. Abhimanyu Singh. The task was carried out with financial assistance from UNESCO and UNDP. Support has also been forthcoming from other agencies such as UNICEF, UNFPA and the World Bank in carrying out several supportive activities involved in the exercise. Without this generous support it would not have been possible to complete the work.

In the beginning, the idea of bringing together more than twentyfive experts from across the country to contribute to the review series appeared to be too ambitious. But the personal commitment of the authors saw the whole exercise through. Editing the papers, smoothening the sharp edges and filling in the fuzzy spots, but without disturbing the integrity of the arguments of the reviewers was a challenging task. But the exercise has been done in a spirit of collaboration contributing to the common cause of achieving the goals of EFA. I would like to thank all the authors for the unhesitating professional support and friendly cooperation extended in completing the work.

The EFA 2000 Assessment process began nearly a year ago. The project including the preparation of the national EFA Report was implemented by NIEPA. Unquestioned support from the Director of NIEPA and the Administration was critical for the completion of the work. Bringing out the papers in print in record time was possible due to the total involvement of the Publication Unit of NIEPA. I should acknowledge the professional help and guidance given by Professor M.S. Yadav in editing the papers. Contribution of Dr. Mona Sedwal to the whole exercise was enormous. Working as a single person EFA Cell, she coordinated a variety of activities, apart from contributing substantially to the editing work.

The review papers may not be euphoric about the status of EFA in the country. Yet, all of them are emphatic that the 1990s have broken new grounds in almost every area of basic education whether the reference is to adult literacy, decentralized planning, improved access, preparation of teaching-learning material or reaching the marginalised. Progress during the last decade demonstrates that though difficult, the EFA goals are not unachievable. It is hoped that the objective documentation resulting from the exercise will help steer the EFA activities in the year 2000 and onwards with increased pace and intensity.

New Delhi
April 2000

R. Govinda
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# About the Author

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## Abbreviations

| | | |
|---|---|---|
| DPEP | : | District Primary Education Programme |
| EFA | : | Education For All |
| GDP | : | Gross Domestic Product |
| GNP | : | Gross National Product |
| ODA | : | Overseas Development Administration |
| SDP | : | State Domestic Product |
| SIDA | : | Swedish International Development Agency |
| UNDP | : | United Nations Development Programme |
| UNESCO | : | United Nations Educational , Scientific and Cultural Organization |
| UNICEF | : | United Nations Children's Funds |

# Introduction

> "To say that India does not have the money for education [and health care] is absolute, utter unmitigated nonsense."
>
> Amartya Sen (1999).

## Importance of Elementary Education

Long before the formulation of the UNESCO resolutions and the emergence of interest by international agencies like the World Bank, UNICEF, UNDP etc., the Government of India had recognised the importance of elementary education, and had made a resolve in the Constitution of India as long ago as in 1950:

> *The State shall endeavour to provide within a period of 10 years from the commencement of the Constitution for free and compulsory education for all children until they complete the age of 14 years* (Article 45).

By resolving to provide elementary education 'free' to all, the Government of India has also implicitly recognised the 'public good' and 'merit good' nature of elementary education. Elementary education is, in fact, recognised by many as a 'pure public good', as the benefits from elementary education are immense; they are not confined to the individuals who go to the school; and the rest of the society also benefit considerably. In fact, the neighbourhood or externality benefits of elementary education are believed to outweigh the direct private benefits. Besides, it is a 'merit good,' as the state knows better than the individuals about the benefits of education. Hence it is necessary that elementary education is fully financed by the government. The Constitutional Directive received further boost with the human investment revolution in economic thought (Schultz, 1961) and the increasing research evidence that established that the contribution of education to development — in all socioeconomic development spheres — is very significant (e.g., Psacharopoulos and Woodhall, 1985; Tilak, 1989, 1994). The economic returns to primary education are estimated to be not only positive and high, but also that they are higher than alternative rates of return. The returns to primary education are higher than returns to secondary and higher education on the other. The returns to primary education of weaker sections (e.g., backward castes and girls) are also found to be sizeable, and in fact, higher than returns to their respective counterparts (viz., non-backward castes and boys), and returns to upper primary level of education are higher in rural than in urban areas (Tilak, 1987).

The contribution of education is not restricted to economic returns only. Its significant effect on reduction in poverty and improvement in income distribution, improvement in health and nutritional status of the population, its negative relationship with fertility and population growth, and positive association with adoption of family planning methods, and its positive relationship with general social, political and economic development, and overall quality of life are well recognised. All this contributed to the rapid growth of education in India, though it is still not adequate.

The *National Policy on Education 1968* and the *National Policy on Education 1986* have laid special emphasis on the fulfillment of the Constitutional Directive of universalisation of elementary education. Five Year Plans repeatedly promised to take the nation towards achieving this goal. Elementary education was also included in the 'National Programme of Minimum Needs' in the Five Year Plans, and this inclusion has significant implications for allocation of resources. This was expected to ensure favourable treatment in the allocation of resources, and to protect it from reallocation of approved outlays away from elementary education. Education is also made an important component of the 'national human development initiative' in the union budget 1999-2000 (see Tilak, 1999).

Thus, much before the Jomtien Conference (1990) and the adoption of the *World Declaration on Education for All* in the same conference, the Government of India had repeated its resolve to universalise elementary education in the country as early as possible, and also to increase the public funding of education to at least six per cent of national income, so that education, elementary education in particular, does not suffer from paucity of financial resources.

But even after five decades of development planning, and four decades after the deadline stipulated by the Constitution, and despite several strategies adopted, programmes and schemes launched, this goal is still elusive. It is strongly felt that elementary education suffered in India, due to, apart from several factors, insufficient allocation of financial resources. At the same time, it be noted that while finances are an important constraint, they are however not the *only* constraint, but one among many. Financial resources provide a necessary, but not a sufficient condition in achieving universal elementary education

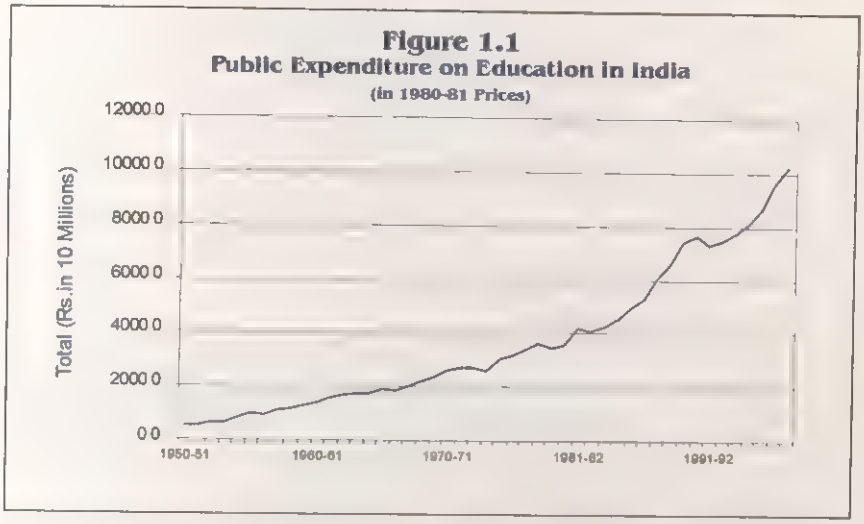
So when national and global reassessments of EFA goals are being made, it would be useful to assess various dimensions relating to Education for All in India. This paper is an attempt to examine one, only one particular aspect, viz., the pattern of financing of elementary education in India, more specifically focusing on the 1990s, i.e., after the Jomtien Conference. It attempts at an examination of a few select dimensions relating to financing of education, that too very briefly.

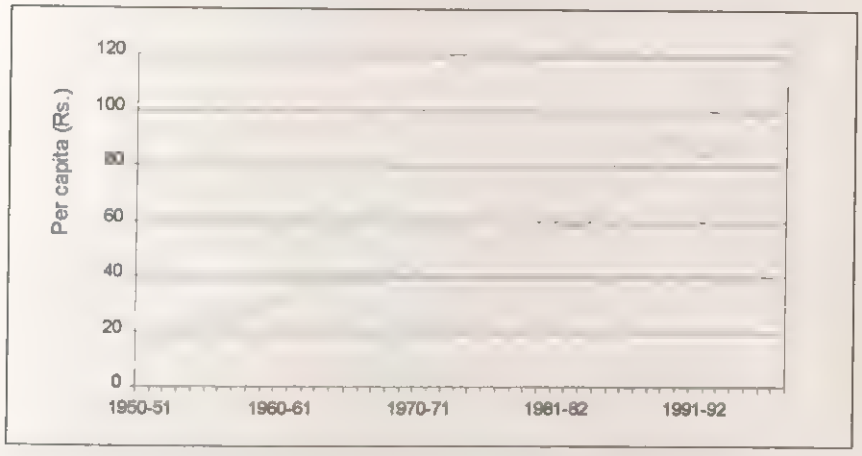
## Trends in Expenditure on Education in India

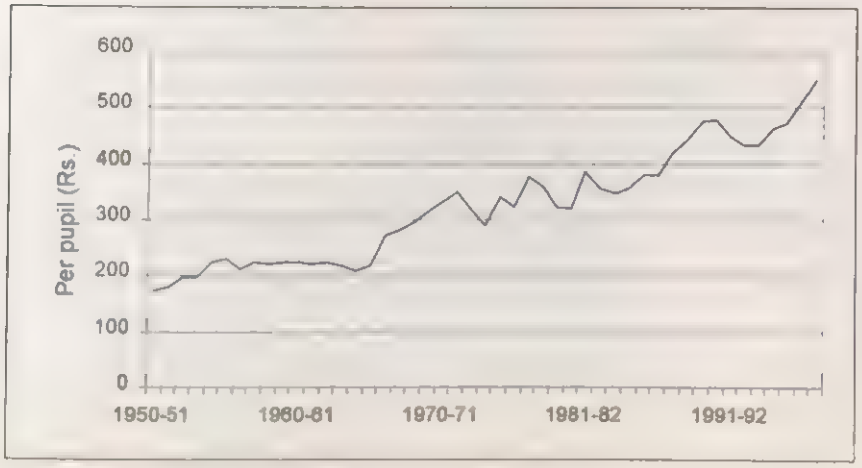
The educational explosion that has taken place in India during the post-independence period in terms of number of students, schools and colleges, and teachers, is also reflected in the growth of expenditure on education (at least in current prices). In absolute terms, the increase in expenditure on education at national level is very impressive: the educational expenditure increased from Rs.1.1 billion in 1950-51 to Rs.412 billion[1] in 1997-98 (budget estimates), the latest year for which such data are available. The increase is by a staggering 360 times. But this impressive growth is belittled by (a) rapid growth in population, (b) phenomenal increase in student numbers, and above all, (c) escalation in prices (Figure 1.1).

[1] A billion equals one thousand million.

**Figure 1.1**
**Public Expenditure on Education in India**
**(in 1980-81 Prices)**



## Table 1.1: Public Expenditure on Education in India

| Year | Total (Rs. in 10) millions) | Per Capita (Rs.) | Per Pupil (Rs.) | Total Rs.in 10 millions) | Per Capita (Rs.) | Per Pupil (rs.) |
|---|---|---|---|---|---|---|
| | At Current Prices | | | At Constant (1980-81) Prices | | |
| 1950-51 | 114.4 | 3.2 | 35.6 | 558.7 | 15.6 | 173.9 |
| 1951-52 | 124.6 | 3.4 | 38.3 | 589.7 | 16.1 | 181.3 |
| 1952-53 | 137.6 | 3.8 | 40.3 | 681.1 | 18.8 | 199.5 |
| 1953-54 | 147.7 | 3.9 | 40.9 | 713.1 | 18.8 | 197.5 |
| 1954-55 | 165.0 | 4.3 | 41.8 | 883.2 | 23.0 | 223.7 |
| 1955-56 | 189.6 | 4.8 | 42.7 | 1031.5 | 26.1 | 232.3 |
| 1956-57 | 206.3 | 5.1 | 44.3 | 993.9 | 24.6 | 213.4 |
| 1957-58 | 240.7 | 5.9 | 48.0 | 1122.4 | 27.5 | 223.8 |
| 1958-59 | 266.2 | 6.4 | 49.1 | 1196.0 | 28.8 | 220.6 |
| 1959-60 | 300.4 | 7.0 | 51.1 | 1315.6 | 30.7 | 223.8 |
| 1960-61 | 344.4 | 7.9 | 53.7 | 1446.9 | 33.2 | 225.6 |
| 1961-62 | 388.9 | 8.9 | 54.1 | 1601.1 | 36.6 | 222.7 |
| 1962-63 | 441.7 | 9.7 | 57.3 | 1744.0 | 38.3 | 226.2 |
| 1963-64 | 484.1 | 10.4 | 60.0 | 1766.9 | 38.0 | 219.0 |
| 1964-65 | 534.5 | 11.3 | 62.6 | 1797.0 | 38.0 | 210.5 |
| 1965-66 | 622.0 | 12.8 | 70.0 | 1934.2 | 39.8 | 217.7 |
| 1966-67 | 697.9 | 14.1 | 99.6 | 1912.1 | 38.6 | 272.9 |
| 1967-68 | 811.3 | 15.7 | 111.7 | 2046.1 | 39.6 | 281.7 |
| 1968-69 | 898.4 | 17.3 | 120.2 | 2215.4 | 42.7 | 296.4 |
| 1969-70 | 1010.4 | 19.1 | 132.0 | 2410.6 | 45.6 | 314.9 |
| 1970-71 | 1118.3 | 20.7 | 141.7 | 2626.2 | 48.6 | 332.8 |
| 1971-72 | 1237.5 | 23.2 | 157.9 | 2761.0 | 51.8 | 352.3 |
| 1972-73 | 1373.8 | 24.3 | 159 8 | 2762.6 | 48 9 | 321.3 |
| 1973-74 | 1590.5 | 25.0 | .. | 2708.6 | 42 6 | .. |
| 1974-75 | 1807.3 | 30.5 | 200.6 | 2617 2 | 44 2 | 290 5 |
| 1975-76 | 2104.7 | 34.7 | 230 1 | 3117 9 | 51 4 | 340 9 |
| 1976-77 | 2304.2 | 37 9 | 231.1 | 3223.1 | 53.0 | 323.3 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1977-78 | 2602.0 | 41.0 | 284.4 | 3447.8 | 54.3 | 376.8 |
| 1978-79 | 2853.1 | 44.1 | 278.0 | 3686.9 | 57.0 | 359.2 |
| 1979-80 | 3157.3 | 47.9 | 290.7 | 3522.2 | 53.4 | 324.3 |
| 1980-81 | 3640.6 | 53.2 | 319.7 | 3640.6 | 53.2 | 319.7 |
| 1981-82 | 4685.8 | 67.5 | 426.7 | 4250.0 | 61.2 | 387.0 |
| 1982-83 | 4912.2 | 69.3 | 424.0 | 4146.9 | 58.5 | 357.9 |
| 1983-84 | 5523.8 | 76.4 | 446.2 | 4298.7 | 59.5 | 347.2 |
| 1984-85 | 6353.8 | 86.1 | 491.1 | 4600.1 | 62.3 | 355.5 |
| 1985-86 | 7456.9 | 98.9 | 564.6 | 5023.0 | 66.6 | 380.3 |
| 1986-87 | 8450.3 | 109.6 | 604.1 | 5343.7 | 69.3 | 382.0 |
| 1987-88 | 10430.2 | 132.5 | 723.4 | 6075.4 | 77.2 | 421.4 |
| 1988-89 | 12408.7 | 154.5 | 824.7 | 6688.9 | 83.3 | 444.6 |
| 1989-90 | 15044.2 | 183.5 | 960.4 | 7487.7 | 91.3 | 478.0 |
| 1990-91 | 17193.66 | 203.162 | 1071.553793 | 7714.0 | 91.1 | 480.8 |
| 1991-92 | 18757.6 | 217.0 | 1144.7 | 7350.9 | 85.0 | 448.6 |
| 1992-93 | 20953.0 | 237.2 | 1206.8 | 7529.1 | 85.2 | 433.6 |
| 1993-94 | 23413.1 | 259.5 | 1308.0 | 7780.6 | 86.2 | 434.7 |
| 1994-95 | 27232.2 | 295.4 | 1548.9 | 8158.0 | 88.5 | 464.0 |
| 1995-96 | 31516.6 | 334.6 | 1710.8 | 8729.1 | 92.7 | 473.8 |
| 1996-97R | 37046.0 | 385.0 | 1973.6 | 9652.5 | 100.3 | 514.2 |
| 1997-98B | 41246.0 | 419.6 | 2223.8 | 10260.2 | 104.4 | 553.2 |
| Growth Rates (%) | | | | | | |
| 1950s | 11.5 | 9.3 | 3.8 | 10.4 | 8.2 | 2.7 |
| 1960s | 12.8 | 10.2 | 12.0 | 5.0 | 2.6 | 4.2 |
| 1970s | 12.6 | 10.2 | 9.0 | 3.9 | 1.7 | 11.6 |
| 1980s | 16.2 | 13.9 | 11.7 | 7.7 | 5.6 | 3.5 |
| 1990-97 | 13.7 | 11.4 | 11.4 | 4.7 | 2.5 | 2.4 |
| 1950-51/97-98 | 13.5 | 11.0 | 9.6 | 5.8 | 3.5 | 2.2 |
| 1950-51/97-98 | 13.5 | 11.0 | 9.6 | 5.8 | 3.5 | 2.2 |

Note:84-85 onwards government expenditure only
Rates of growth are estimated on the basis of semi-log regression equation (see the text)

Source. upto 1983-84, based on Education in India, (various years) After 1983-84, Department of Education, Ministry of Human Resource Development

While the total expenditure increased by 360 times, in per capita terms the increase during 1950-51 to 1997-98 has been by about 130 times. In contrast, the expenditure per pupil increased only by 62 times during the same period, from Rs.35.60 to Rs.2224. These figures are at current prices and the impressive picture remains no more impressive, if they are converted into constant prices.[2] After adjusting these figures with the help national income deflators, it can be noted that the real rates of growth[3] in total, per capita and per pupil expenditure on education are very small, as given in Table 1.1. For instance, as compared to a rate of growth of 13.5 per cent in current prices, the total expenditure on education increased at a rate of growth of 5.8 per cent only in real prices during the five decades (1950-51 to 1997-98). The real rate of growth in per capita expenditure on education was about one-third of the corresponding rate relating to current prices; and in per pupil terms the real growth was less than one-fourth of the growth in current prices.

The decadal trends are indeed important to note. Looking at the real rates of growth, one notices that the 1950s was a period of rapid growth in total expenditure on education; and the 1960s was also a very favourable period for education, as in many developing and developed countries of the world. The global disenchantment with education, partly attributable to growing educated unemployment on the empirical scene, and the emergence of screening and credentialism theses on the role of education on the theoretical front caused a great setback for the growth of expenditure on education during the 1970s in the third world. India has had also a similar experience. The 1980s marked the revival of faith in education. 'Human resource development' became a favourite slogan by the mid-1980s, and education is regarded as an important component of human (resource) development. Expenditure on education increased during the 1980s at a reasonably high rate of growth, particularly compared to the preceding two decades. However, the rate of growth — both in total and per capita — have not reached the levels experienced during the 1950s. The decade of the 1990s experienced the slowest rate of growth. It is a decade when economic reform policies, specifically the stabilisation and structural adjustment, were introduced in India, and they seem to have their own significant adverse effect. It would be interesting to interpret these trends in the framework of public finance, particularly as a phenomenon of "displacement effect" (Peacock and Wiseman, 1961), according to which, public expenditure on social sectors like education get displaced due to economic problems, and more importantly, public expenditure levels do not go back to the former (pre-war) levels even several years after the economic crisis.

[2] As an aside, it may be noted that very few significant attempts are made at analyzing the growth of expenditure on education in real prices in India. As a result, often misleading conclusions are reached on the trends in expenditure on education.

[3] The rate of growth is estimated by fitting the semi-log equation.

# Allocation of Resources

There are three important aspects relating to allocation of resources to education: (a) allocation of resources *to* education vis-à-vis other sectors, which can be referred to as inter-sectoral allocation of resources, (b) intra-sectoral allocation of resources *within* education, i.e., allocation to different levels of education, and (c) inter-functional allocation of resources referring to allocation of resources to different activities such as teaching, administrative, welfare activities, etc. Yet another important dimension of allocation of resources to education, that is important in a federal system like India is allocation of resources by the union government to the states. These aspects are briefly discussed in the following pages, surveying the existing scanty literature, and with the help of some important indicators using the recent data available. At the outset it may be noted that despite recognizing the contribution of education to economic growth and development, the pattern of allocation of resources to education is still far from satisfactory.

## Inter-Sectoral Allocation of Resources

First, what is the priority given to education in the national development framework? This question is generally answered in terms of a few select indicators such as the share of education in GNP, share of education in the government expenditure, share of education in the five year plan outlays, etc., some of which are discussed below.

### Share of Education in GNP

Share of education in gross national product is the most standard indicator of national efforts on the development of education in a given society. This reflects the relative priority being accorded to education in the national economy. This indicator is also found to be superior to several other indicators. On the recommendation of the Education Commission (1966), the Government of India (1968) quantitatively fixed a target of investing six per cent of national income in education from the public exchequer by 1986. As the goal was not realized so far, it has been repeatedly reiterated that it would be fulfilled soon. Now the goal is set to be achieved by the end of the Ninth Five Year Plan, i.e., by 2002.

Presently 3.6 per cent of GNP is invested in education in India (1997-98). Compared to the very low level of 1.2 per cent in 1950-51, this marks a very significant progress (Table 2.1). However, it needs to be underlined that this proportion is less than (a) the requirements of the education system to provide reasonable levels of quality education to all the students enrolled presently, (b) the requirements of the system to provide universal elementary education of eight years for every child of the age-group 6-14, and consequent growth in secondary and higher education, as universalization of elementary education in a comprehensive sense, includes universal provision of resources, universal enrolment, and universal retention, (c) the recommendations of the Education Commission (1966), the resolve made in the *National Policy on Education 1968*, reiterated in the *National Policy on Education 1986* (Government of India, 1986), and the revised Policy (1992) to invest six per cent

## Table 2.1: Share of Education in GNP in India (per cent)

| Year | % of GNP | Year | % of GNP |
|---|---|---|---|
| 1950-51 | 1.2 | 1980-81 | 2.9 |
| 1951-52 | 1.3 | 1981-82 | 3.0 |
| 1952-53 | 1.5 | 1982-83 | 3.0 |
| 1953-54 | 1.5 | 1983-84 | 3.0 |
| 1954-55 | 1.8 | 1984-85 | 3.1 |
| 1955-56 | 2.0 | 1985-86 | 3.2 |
| 1956-57 | 1.8 | 1986-87 | 3.3 |
| 1957-58 | 2.1 | 1987-88 | 3.6 |
| 1958-59 | 2.1 | 1988-89 | 3.6 |
| 1959-60 | 2.3 | 1989-90 | 4.5 |
| | | | |
| **Average** | **1.8** | **Average** | **3.2** |
| | | | |
| 1960-61 | 2.5 | 1990-91 | 4.9 |
| 1961-62 | 2.7 | 1991-92 | 4.0 |
| 1962-63 | 2.8 | 1992-93 | 4.6 |
| 1963-64 | 2.7 | 1993-94# | 4.2 |
| 1964-65 | 2.5 | 1994-95# | 4.0 |
| 1965-66 | 2.8 | 1995-96# | 4.0 |
| 1966-67 | 2.8 | 1996-97®# | 3.8 |
| 1967-68 | 2.7 | 1997-98(B)# | 3.6 |
| 1968-69 | 3.0 | | |
| 1969-70 | 3.0 | **Average** | **4.1** |
| | | | |
| **Average** | **2.8** | | |
| | | | |
| 1970-71 | 3.1 | | |
| 1971-72 | 3.3 | | |
| 1972-73 | 3.2 | | |
| 1973-74 | 2.7 | | |
| 1974-75 | 2.9 | | |
| 1875-76 | 3.2 | | |
| 1976-77 | 3.2 | | |
| 1977-78 | 3.2 | | |
| 1978-79 | 3.5 | | |
| 1979-80 | 3.1 | | |
| | | | |
| **Average** | **3.1** | | |

Note: 84-85 onwards government expenditure only
# Quick Estimates Source upto 1983-84, based on Education in India, (various years)
After 1983-84, Department of Education, Ministry of Human Resource Development

of GNP in education,[1] (d) the proportion of GNP invested in education in many other developing, leave alone developed, countries of the world, including Africa, and (e) finally the proportion invested in India before the Jomtien conference. For instance, 4.9 per cent of GDP was invested in education in India 1990-91. But ever since, it has been rather consistently declining. (Figure 2.1). It should be noted that it would be a stupendous task to reach a level of six per cent of GNP by the end of the ninth Five Year Plan, as promised by the government, from the current level of 3.6 per cent. Among the countries of the world on which such data are available, India ranked 115th with respect to this indicator of national efforts on education, and amongst the countries with a population of 100 millions or more, India figures at the bottom except Bangladesh. The need to raise this proportion considerably needs no over emphasis.[2] Almost all — from laymen to researchers — plead for the same, though there are no detailed estimates on what should be the desirable and feasible proportion of GNP.[3]

However, this proportion has increased considerably in a few states (Table 2.2) including in some of the backward states. In fact, in some of the backward states like Bihar the proportion was above 6 per cent. This finding is not conclusive; in fact, it raises at the same time some questions. For instance, if the state income is low (or declines over the years), even a relatively small amount of expenditure (or stagnant level of expenditure) on education gives an impression of a high (or increased) proportion of state income being invested in education. Nevertheless this is the best available indicator on the efforts of a state in the development of education.

The variations in the educational efforts of various states do not fall into any systematic pattern. The coefficient of correlation between the two is estimated to be small, negative and statistically not significant.[4] Based on similar results on coefficients of correlation for earlier years, it was concluded that it is not necessarily true that a state or nation invests more (or less) in education, particularly when measured as a proportion relative to total national or state income, than others because it is economically rich (or poor). For example, a state like Bihar which is economically a poorer state invests as high as 6.2 per cent of her income on education (1995-96) and Punjab which has the highest per capita income invests 2.1 per cent, and Haryana 2.3 per cent. Even states like Rajasthan, Jammu and Kashmir, Bihar, Assam, Andhra Pradesh and Orissa whose per capita incomes are about half or less than half of that of Punjab invest a higher proportion of their incomes on education than Punjab.

This may mean that the level of economic development is not an important determinant of

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1 It may be however noted that the Education Commission's recommendation assumed higher economic growth rate than actually realized in the country, in which case, the requirement of education would be more than six per cent.

2 In stead of pursuing this goal vigorously, attempts are being made to redefine the target, and play with not so confusing terminology, in violation of the spirit, and letter of the recommendations made by the national commissions on education, and approved by the Government of India, to show that the target has already been achieved. See Tilak (1999) for a comment on these trends.

3 Norm based estimates (based on cost functions and enrolment projections), by Tilak (1994b) suggest that it should be about 8 per cent by 2000 AD. Rao (1992) compared the cost of education in India with developed countries like Singapore, and estimated that about a quarter of our GNP needs to be allocated to education. Seth (1985) felt that provision of appropriate education might require about 10 per cent of GNP.

4 The coefficient estimated on the basis of the 1990-91 data is -0.3739. See also Tilak (1987b) for similar results on an earlier set of data

**Figure 2.1**
**Share of Education of GNP (per cent)**

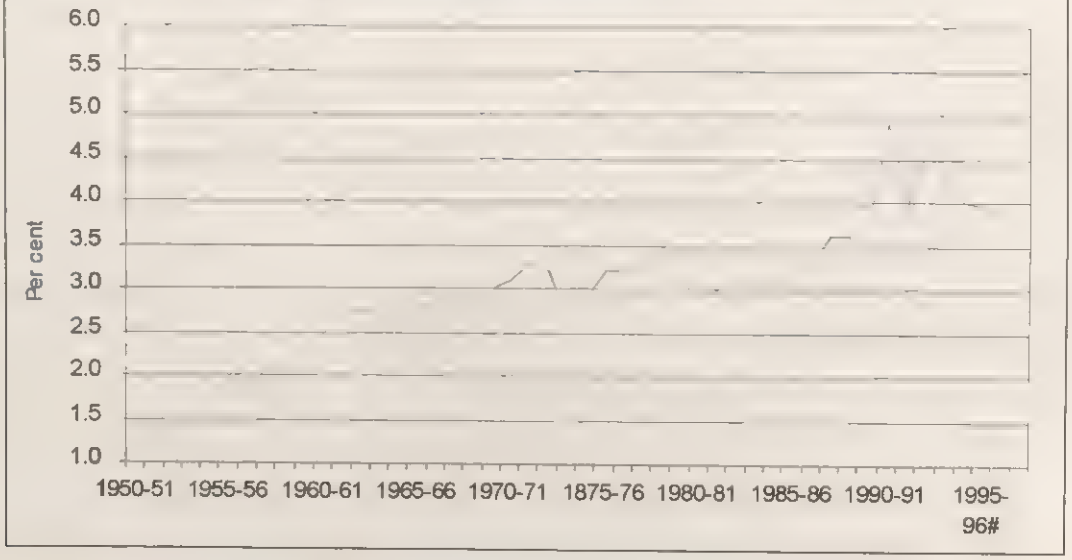



**Table 2.2: Share of Education in SDP by States in India**

| State | 1960-61 | 1980 81 | 1983 84 | 1985-86 | 1990-91 | 1995 96 |
|---|---|---|---|---|---|---|
| Andhra Pradesh | 2.3 | 3.8 | 3.7 | 4.7 | 4.6 | 2.4# |
| Assam | 2.2 | 3.6 | 3.5 | 4.8 | 6.0 | 6.4# |
| Bihar | 2.3 | 3.6 | 4.3 | 4.2 | 6.3 | 6.2# |
| Gujarat | 2.5 | 3.5 | 3.1 | 5.4 | 4.3 | 3.1# |
| Haryana | ++ | 2.7 | 2.7 | 3.3 | 3.1 | 2.3# |
| Himachal Pradesh | .. | 7.3 | 6.0 | 7.2 | 8.8 | 7.1# |
| Jammu & Kashmir | 2.2 | 4.5 | 4.4 | 6.7 | 6.7+ | 4.9 |
| Karnataka | 2.6 | 3.4 | 3.3 | 5.2 | 4.3 | 3.8# |
| Kerala | 4.2 | 5.7 | 4.3 | 6.5 | 6.5 | 6.3# |
| Madhya Pradesh | 2.3 | 3.3 | 3.2 | 4.2 | 5.0 | 3.2# |
| Maharashtra | 3.0 | 3.5 | 3.3 | 3.5 | 3.2 | 2.8# |
| Orissa | 1.9 | 3.8 | 2.9 | 4.7 | 5.4 | 5.1# |
| Punjab | 2.7* | 3.5 | 3.4 | 3.3 | 3.5 | 2.1# |
| Rajasthan | 2.4 | 3.7 | 2.8 | 4.9 | 5.3 | 4.1$ |
| Tamil Nadu | 2.8 | 4.3 | 4.1 | 4.8 | 5.0 | 3.7$ |
| Tripura | n.a | 7.6 | 8.3 | 6.9 | 11.8+ | 12.8# |
| Uttar Pradesh | 2.2 | 3.1 | 3.0 | 3.3 | 4.6 | 3.8# |
| West Bengal | 2.6 | 2.9 | 3.4 | 3.5 | 5.4 | 3.5# |

Note: * Includes Haryana; ++ Included in Punjab; + 1989-90;
1985-86 onwards: Government expenditure only;
# Quick Estimates; $ Advance Estimates.

Source: 1990-91, 1995-96: Analysis of Budget Expenditure on Education.
Department of Education, Ministry of Human Resource Developmetn, New Delhi
Other Years: Based on Education in India (various years).

public expenditure on education. It is, in fact, necessary to analyze the determinants of expenditure on education in detail, but it is rarely attempted, but it has been strongly felt that allocation of resources to education is not based on any sound rational principles.

### The Education Budget

Perhaps a more important gauge of what is actually happening is revealed by the priority given to education in the government budget. Unfortunately there is no 'education budget' *per se* in India. To arrive at an education budget, one has to look at the education components in the union budget, and more importantly in the budgets of all the states and union territories. Then only one can present a complete idea of the education budget in the country. We do not have such an "integrated budget presentation" in our country.[5] The union budget fails to provide any significant

**Table 2.3: Budget Expenditure on Education in India (Education and other Departments)**

| | 1995-96 (Actuals) | | 1996-97 (Revised) | | 1997-98 (Budget) | |
|---|---|---|---|---|---|---|
| | Expenditure Rs. in 10 mlms. | % in Total Budget | Expenditure Rs. in 10 mlms. | % in Total Budget | Expenditure Rs. in 10 mlms. | % in Total Budget |
| **Centre** | | | | | | |
| Revenue | 5550.5 | 4.0 | 6050.6 | 3.8 | 7862.5 | 4.3 |
| Capital | 0.0 | - | 0.0 | 0.0 | 0.0 | - |
| Loans and | | | | | | |
| Advances | 0.5 | - | 0.5 | - | 0.0 | - |
| *Total* | *5551.0* | *3.1* | *6051.1* | *2.6* | *7863.3* | *3.4* |
| **States and Union Territories** | | | | | | |
| Revenue | 32627.6 | 22.3 | 38644.9 | 22.2 | 43820.7 | 22.7 |
| Capital | 379.1 | 2.0 | 426.5 | 2.2 | 507.9 | 2.2 |
| Loans and | | | | | | |
| Advances | 211.0 | 2.6 | 211.3 | 2.1 | 272.7 | 2.7 |
| *Total* | *33217.7* | *19.2* | *39282.6* | *19.2* | *44601.3* | *19.7* |
| **Total** | | | | | | |
| Revenue | 38178.1 | 13.4 | 44695.4 | 13.4 | 51683.3 | 13.7 |
| Capital | 379.1 | 1.04 | 426.5 | 1.2 | 508.7 | 1.2 |
| Loans and | | | | | | |
| Advances | 211.5 | 0.6 | 211.8 | 0.5 | 272.7 | 0.7 |
| *Total* | *38768.7* | *10.9* | *45333.7* | *11.1* | *52464.6* | *11.4* |

Source: Analysis of Budget Expenditure on Education 1995-96 to 1997-98, Ministry of Human Resource Development, New Delhi, 1999.

[5] In this context, the *Analysis of the Budgeted Expenditure on Education* (Department of Education, Ministry of Human Resource Development) is a very valuable document, though it is published with a gap of 2-3 years

idea, as its contribution is relatively very small compared to the state budgets for education.

Further, in the budget framework, resources flow from government in two forms -- in the revenue account of the budget and in the capital account. While in the revenue budget the share of education sector is reasonably large, in the capital budget the share of education is infinitesimally small, the net result being pushing down the share of education in the total budget. If central and state budgets are considered, both revenue and capital accounts, the total budget resources available for education formed around eleven per cent in 1995-96 (Table 2.3). Further, we also notice that while in the central budget the share of education sector is 3.1 per cent (4.0 per cent in revenue budget, and nil in the capital budget), it is approximately one-fifth of the budgets of the states and union territories (22 per cent in the revenue budgets and two per cent in capital budgets) in 1995-96. It may also be noted that even though the share of education in the (revenue) budget oscillated frequently, over the years, on the whole, the share in the central budget has increased from 1.6 per cent in 1967-68 to 3.1 per cent in 1995-96, and in the state budget, it has been around 20 per cent (Table 2.4).

Budgetary resources flow into education from the Departments of Education, and also form other Departments (Ministries), both at the central and state level. While the share of the Department of Education is substantial, other departments also contribute significant amounts to the education budget. Over the years, the later increased in relative proportion and from 8.5 per cent in 1971-72 to about 20 per cent of the total education budget in 1997-98 (Table 2.5).

The share of education in the revenue budget remained more or less stagnant, around 20-25 per cent over the years in several states (Table 2.6). Most states devote roughly one-fifth to a quarter of their revenue budgets for education. According to the latest available statistics, only Kerala and West Bengal devote about 30 per cent of their respective revenue budgets for education (1995-96). In case of Kerala it is almost consistent though it has marginally declined, while in quite a few states the trends are rather erratic.

If we look at the education expenditure levels in various states, in terms of Rs per capita in Figure 2.2, we note that the inter-state variations in per capita expenditure on education are indeed very high, though they seem to be declining over the years (Table 2.7).

### Education in Five Year Plans

Five Year plans are an important development strategy in India. Expenditure on education in the five year plans has shown a rapid rise since the inception of the first five year plan in the country. The absolute provision of outlays for education multiplied by more than 50 times since the First five year plan. The first plan invested Rs.1.5 billion on education. The expenditure rose to Rs.254 billion in the eighth five year plan. Thus, it seems that increasingly larger resources are being allocated for education (Table 2.8). But when we look at the figures in real prices,[6] expenditure on

[6] The expenditure in the Five Year Plans is spread over five years. Conversion of the actual expenditure into real expenditure in a Plan is made with the help of national income deflators (derived from GNP in current prices and GNP at 1980-81 prices corresponding to the total period of each Five Year Plan.

## Table 2.4: Percentage of Education Expenditure on Education to Total Budget

| Year | State Government* | Union Government | All India |
|---|---|---|---|
| 1967-68 | 19.8 | 1.6 | 11.9 |
| 1968-69 | 20.2 | 2.0 | 12.5 |
| 1969-70 | 20.5 | 2.3 | 13.0 |
| 1970-71 | 21.4 | 2.8 | 14.1 |
| 1971-72 | 20.3 | 2.5 | 13.4 |
| 1972-73 | 19.8 | 2.4 | 12.6 |
| 1973-74 | 20.6 | 2.0 | 13.0 |
| 1974-75 | 23.2 | 2.1 | 14.1 |
| 1975-76 | 22.9 | 2.0 | 13.7 |
| 1976-77 | 22.7 | 2.3 | 13.8 |
| 1977-78 | 21.4 | 2.1 | 12.7 |
| 1978-79 | 21.8 | 2.2 | 13.1 |
| 1979-80 | 21.6 | 2.0 | 13.1 |
| 1980-81 | 20.9 | 2.0 | 12.8 |
| 1981-82 | 20.8 | 1.9 | 12.5 |
| 1982-83 | 21.3 | 1.3 | 10.8 |
| 1983-84 | 20.8 | 1.5 | 11.4 |
| 1984-85 | 23.3 | 2.7 | 13.1 |
| 1985-86(R) | 24.0 | 2.8 | 13.4 |
| 1986-87(B) | 23.8 | 3.0 | 13.4 |
| 1987-88 | .. | .. | .. |
| 1988-89 | .. | .. | .. |
| 1989-90 | 21.3 | 2.1 | 9.8 |
| 1990-91 | 20.8 | 2.2 | 10.6 |
| 1991-92 | 18.9 | 2.2 | 10.2 |
| 1992-93 | 18.9 | 2.3 | 10.5 |
| 1993-94 | 19.3 | 2.6 | 10.5 |
| 1994-95 | 18.4 | 2.4 | 10.3 |
| 1995-96 | 19.5 | 3.1 | 10.9 |
| 1996-97(R) | 19.2 | 2.6 | 11.1 |
| 1997-98(B) | 19.7 | 3.4 | 11.4 |

Note: * includes union territories.
R: Revised estimates; B: Budget estimates
Others: Actuals; .. : Not available

Source: Analysis on Budget Expenditure on Education (Various years)

## Table 2.5: Expenditure on Education by Education and other Departments in India (Rs in Ten Million)

| Year | Education Department | (%) | Other Departments | (%) | Total | (%) |
|---|---|---|---|---|---|---|
| 1971-72 | 922.5 | 91.5 | 85.3 | 8.5 | 1007.8 | 100 |
| 1972-73 | 1041.2 | 88.7 | 132.9 | 11.3 | 1174.1 | 100 |
| 1973-74 | 1196.1 | 89.7 | 137.5 | 10.3 | 1333.7 | 100 |
| 1974-75 | 1439.1 | 87.7 | 200.9 | 12.3 | 1640.0 | 100 |
| 1975-76 | 1683.0 | 88.0 | 229.1 | 12.0 | 1912.1 | 100 |
| 1976-77 | 1843.2 | 86.2 | 294.4 | 13.8 | 2137.6 | 100 |
| 1977-78 | 2104.3 | 85.1 | 369.8 | 14.9 | 2474.1 | 100 |
| 1978-79 | 2353.7 | 84.2 | 443.1 | 15.8 | 2796.8 | 100 |
| 1979-80 | 2660.2 | 84.8 | 478.4 | 15.2 | 3138.7 | 100 |
| 1980-81 | .. | | 542.0 | | .. | |
| 1981-82 | 3790.1 | 85.4 | 498.7 | 11.2 | 4435.9 | 100 |
| 1982-83 | 4761.8 | 83.0 | 719.1 | 12.5 | 5736.3 | 100 |
| 1983-84 | 5473.9 | 82.8 | 790.1 | 12.0 | 6610.9 | 100 |
| 1984-85 | 6423.2 | 83.9 | 953.8 | 12.5 | 7657.2 | 100 |
| 1985-86 | 7681.7 | 83.4 | 1230.7 | 13.4 | 9211.9 | 100 |
| 1986-87 | 8310.6 | 82.8 | 1126.9 | 11.2 | 10041.0 | 100 |
| 1987-88 | .. | | 1422.8 | | .. | |
| 1988-89 | .. | | 1771.4 | | .. | |
| 1989-90 | 15044.2 | 83 8 | 2905.9 | 16.2 | 17950.1 | 100 |
| 1990-91 | 17193.7 | 83.9 | 3297.5 | 16.1 | 20491.2 | 100 |
| 1991-92 | 18757.6 | 83.8 | 3636.1 | 16.2 | 22393.7 | 100 |
| 1992-93 | 20952.0 | 83.7 | 4077.3 | 16.3 | 25030.3 | 100 |
| 1993-94 | 23413.1 | 82.8 | 4866.6 | 17.2 | 28279.7 | 100 |
| 1994-95 | 27232.2 | 83 5 | 5374 1 | 16.5 | 32606.2 | 100 |
| 1995-96 | 31516.6 | 82 6 | 6661 5 | 17 4 | 38178.1 | 100 |
| 1996-97(R) | 37046.0 | 82.9 | 7649 4 | 17.1 | 44695.4 | 100 |
| 1997-98(B) | 41246.0 | 79.8 | 10437 3 | 20.2 | 51683.3 | 100 |

Note: R: Revised estimates; B; Budget estimates; .. : Not Available
Source: Analysis of Budget Expenditure on Education (various years)

## Table 2.6: Share of Education in the Total Budget of the States (Revenue Account) (per cent)

| State | 1960-61 | 1970-71 | 1980-81 | 1985-86 | 1990-91 | 1995-96 | 1997-98(B) |
|---|---|---|---|---|---|---|---|
| Andhra Pradesh | 23.2 | 20.9 | 25.7 | 25.6 | 24.5 | 20.79 | 21.1 |
| Assam | 21.1 | 20.8 | 29.0 | 23.1 | 25.5 | 28.75 | 29.0 |
| Bihar | 18.9 | 19.5 | 26.5 | 27.9 | 28.1 | 24.63 | 28.8 |
| Gujarat | 23.4 | 20.2 | 23.6 | 28.3 | 24.3 | 23.78 | 23.2 |
| Haryana | ** | 19.8 | 21.2 | 22.3 | 18.6 | 14.47 | 11.0 |
| Himachal Pradesh | .. | 24.5 | 25.7 | 18.2 | 22.6 | 19.86 | 17.9 |
| Jammu & Kashmir | 16.3 | 13.4 | 19.3 | 19.4 | 13.1 | 13.1 | 18.9 |
| Karnataka | 21.2 | 21.3 | 22.3 | 22.0 | 22.1 | 22.58 | 21.2 |
| Kerala | 36.0 | 35.7 | 35.5 | 31.7 | 30.4 | 30.77 | 27.4 |
| Madhya Pradesh | 24.2 | 24.2 | 21.4 | 21.0 | 24.2 | 24.47 | 29.5 |
| Maharashtra | 25.2 | 21.3 | 24.0 | 22.4 | 21.1 | 23.74 | 21.3 |
| Orissa | 12.8 | 16.8 | 22.8 | 22.2 | 24.2 | 23.68 | 22.7 |
| Punjab | 20.6* | 22.1 | 29.3 | 23.9 | 22.7 | 13.07 | 17.9 |
| Rajasthan | 24.5 | 18.9 | 26.0 | 26.4 | 26.5 | 21.97 | 26.3 |
| Tamil Nadu | 23.4 | 22.5 | 24.3 | 27.4 | 23.7 | 22.71 | 24.7 |
| Tripura | .. | 30.7 | 19.4 | 19.2 | 23.5 | 24.1 | 26.4 |
| Uttar Pradesh | 14.5 | 18.2 | 22.0 | 21.8 | 24.0 | 21.49 | 20.1 |
| West Bengal | 37.1 | 23.0 | 24.2 | 25.8 | 30.4 | 24.29 | 24.7 |
| **India** | **22.5** | **21.4** | **23.8** | **24.0** | **25.4** | **22.3** | **22.6** |
| ***Coefficient of Variation*** | ***28.3*** | ***22.0*** | ***15.5*** | ***14.7*** | ***16.3*** | ***20.7*** | ***20.3*** |

Note: * includes Haryana; ** included in Punjab; + 1984-85

Source: Analysis of Budget Expenditure on Education (various years, and Annual Report 1993-94, Government of India, Ministry of Human Resource Development, New Delhi

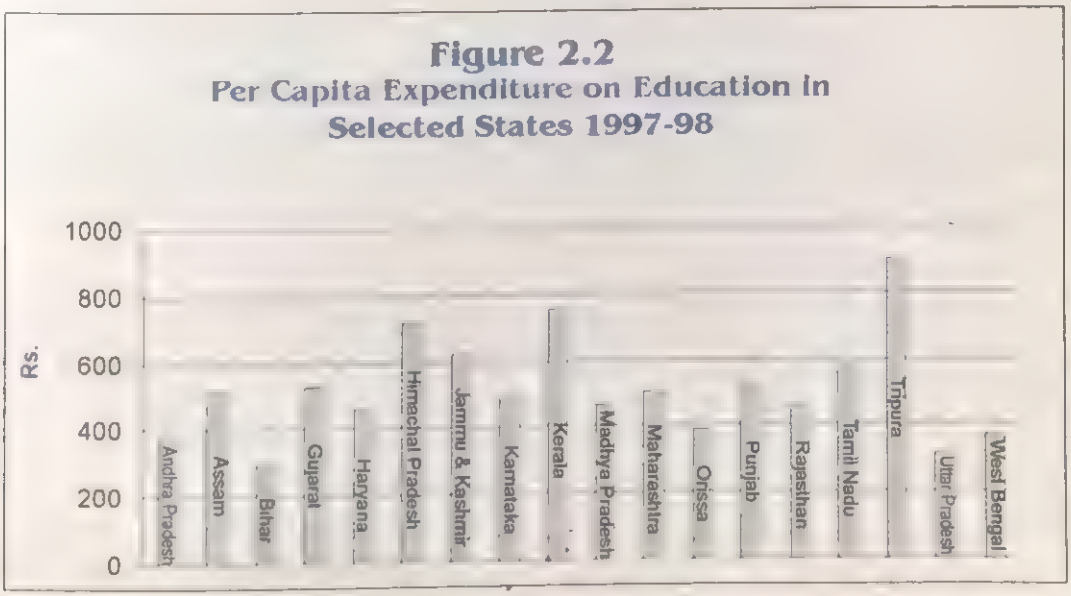


**Table 2.7: Budget Expenditure on Education (Revenue Account) Per Capita in Selected States in India**

**(Rs. in Current Prices)**

| State | 1960-61 | 1970-71 | 1980-81 | 1990-91 | 1995-96 | 1997-98(B) |
|---|---|---|---|---|---|---|
| Andhra Pradesh | 7.1 | 16.1 | 50.1 | 185.1 | 297.5 | 373.5 |
| Assam | 7.6 | 19.4 | 42.7 | 224.9 | 411.5 | 513.6 |
| Bihar | 4.9 | 9.4 | 32.9 | 158.8 | 216.9 | 297.1 |
| Gujarat | 9.2 | 24.6 | 66.2 | 254.4 | 458.4 | 526.2 |
| Haryana | + | 21.5 | 61.8 | 233.1 | 417.4 | 461.8 |
| Himachal Pradesh | 8.7 | 42.2 | 107.2 | 395.9 | 665.6 | 719.2 |
| Jammu and Kashmir | 5.7 | 23.6 | 63.0 | 222.0 | 376.1 | 622.2 |
| Karnatka | 7.5 | 20.3 | 43.8 | 195.1 | 386.9 | 493.9 |
| Kerala | 11.5 | 32.3 | 75.0 | 296.9 | 576.3 | 754.3 |
| Madhya Pradesh | 6.2 | 15.6 | 37.8 | 184.9 | 299.8 | 464.0 |
| Maharashtra | 12.4 | 32.1 | 78.0 | 257.4 | 460.5 | 505.5 |
| Orissa | 4.3 | 13.9 | 42.6 | 167.7 | 320.7 | 387.1 |
| Punjab | 9.3* | 29.4 | 95.3 | 276.7 | 330.4 | 521.9 |
| Rajasthan | 6.3 | 18.0 | 41.8 | 202.3 | 367.1 | 458.0 |
| Tamil Nadu | 9.4 | 24.3 | 54.5 | 258.0 | 412.9 | 575.5 |
| Tripura | 13.6 | 38.3 | 78.6 | 415.0 | 593.5 | 896.5 |
| Uttar Pradesh | 5.4 | 13.1 | 39.3 | 165.0 | 242.1 | 316.4 |
| West Bengal | 9.8 | 20.4 | 53.1 | 219.2 | 275.6 | 373.9 |
| **All-India** | **7.8** | **20.4** | **53.1** | **243.9** | **405.36** | **525.77124** |
| ***Coefficeint of Variation*** | ***23.1*** | ***38.0*** | ***35.3*** | ***27.3*** | ***31.939*** | ***26.321152*** |

B: Budget Estimates; +: included in Punjab; *: includes Haryana

Source: Selected Educational Statistics, MHRD, Government of India

education declined from the third five year plan onwards up to the fifth five year plan. The expenditure on education in real prices in the fourth five year plan was less than four-fifths of the expenditure in the third plan and the expenditure in the fifth plan was about three-fourths of the expenditure in the fourth plan. It is only in the sixth plan this trend was reversed and the expenditure in the sixth plan was about double the expenditure in the fifth plan and is slightly above the expenditure in the third plan in real terms; and the expenditure in the seventh plan was about 1.8 times the expenditure in the sixth plan. A major increase was effected in the eighth Five Year Plan.

**Table 2.8: Expenditure on Education in the Five Year Plans**

**(Rs.in 10 millions)**

| Five Year Plan Period | In Current Prices Prices | At Constant Prices Prices )1980-81)* | % of Total Plan Outlay |
|---|---|---|---|
| First Five Year Plan (1951-56) | 153 | 754 | 7.86 |
| Second Five Year Plan (1956-61) | 273 | 1192 | 5.83 |
| Third Five Year Plan (1961-66) | 589 | 2076 | 6.87 |
| Fourth Five Year Plan (1966-74) | 786 | 1623 | 5.17 |
| Fifth Five Year Plan (1974-79) | 912 | 1257 | 3.27 |
| Sixth Five Year Plan (1980-85) | 2619 | 2498 | 2.70 |
| Seventh Five Year Plan (1985-90) | 7633 | 3549 | 3.50 |
| Eighth Five Year Plan++ (1992-97) | 25414 | 9927 | 4.50 |

Note: ++ Provisional Expenditure; * based on National income deflators

Source: Five Year Plan(s), Annual Plan(s), Economic Survey(s)
Annual Financial Statistics of Education Sector, 1997-98

The relative importance given to education in the Five Year Plans has declined gradually over the years, from 7.9 per cent in the first Five Year Plan, to 2.7 per cent in the sixth Five Year Plan. It was only during the seventh and the eighth Five Year Plans, this declining trend was reversed. [7] (Figure 2.3) The corresponding figure in the eighth Five Year Plan was high, 4.5 per cent. Though

**Figure 2.3**

**Share of Education in Five Year Plan Expenditures (%)**


[7] The declining shares of education in the total plan outlays/ expenditure is a phenomenon common to several states also. E.g., in Andhra Pradesh the trends were most erratic, and in Uttar Pradesh and Bihar a somewhat consistent declining trend in the relative priority accorded to education in the Five Year Plans can be noted.

the proportion has been increasing after the Jomtien conference, it is interesting to note that it only equals the fourth Plan allocation; and it is still much less than the proportion allocated in the first Five Year Plan.

Not only has the relative importance given to education in the plan expenditure gradually declined until the sixth five year plan, but also the relative share of education in any five year plan, including the seventh and the eighth five year plans, has been the lowest, despite the hymns sung in praise of education in every plan document. The closest figure is three per cent allocated to health in the seventh and the eighth five year plans. Several major sectors received much higher than the allocation made to the education sector, as can be noted from Table 2.9.

Thus it appears that there are three important phases in the allocation of resources to education in the five year plans. During the first three five year plan periods, the allocation to education had been more than five per cent. Even though it declined in the second plan, the decline was immediately checked in the third plan. The second phase, i.e., the post-1968 Policy period, consisting of the fourth, fifth and the sixth five year plans, was characterized by a consistent decline in the plan allocation to education. The seventh, the eighth and the ninth five year plans form the third phase when efforts are being made to check the declining trend and to substantially increase the allocation to education.

### Intra-Sectoral Allocation of Resources and the Priority given to Elementary Education

An analysis of intra-sectoral allocation of resources in India during the plan period shows a lopsided emphasis on elementary education, and also on other layers of education. A clear cut shift in the

**Table 2.9: Sectoral Outlays in Five Year Plans in India (per cent)**

| | I Plan | II Plan | III Plan | Annual Plans+ | IV Plan | V Plan | VI Plan | VII Plan | Annual Plans++ | VIII Plan | Annual Plan 97-98 | Annual Plan 98-99§ | IX Plan §§ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Agriculture and allied | 14.8 | 11.8 | 12.7 | 16.7 | 14.7 | 12.3 | 13.7 | 14.3 | 13.9 | 14.7 | 10.7 | 12.1 | 8.8 |
| Irrigation and Flood Control | 22.0 | 9.3 | 7.8 | 7.1 | 8.6 | 9.8 | 10.0 | 7.5 | 6.1 | 7.5 | 0.4 | 7.7 | 0.3 |
| Power Energy | 7.7 | 9.5 | 14.6 | 18.3 | 18.6 | 18.8 | 28.3 | 28.4 | 28.9 | 26.6 | 27.0 | 23.5 | 26.4 |
| Industry and Minierals | 4.9 | 24.1 | 22.9 | 24.7 | 19.7 | 24.3 | 15.8 | 13.5 | 12.8 | 10.8 | 11.8 | 6.2 | 8.4 |
| Transport and Communications | 26.4 | 27.0 | 24.6 | 18.4 | 19.5 | 17.4 | 16.1 | 17.4 | 19.7 | 18.7 | 31.6 | 22.4 | 23.2 |
| Social Sectors of which | 24.1 | 18.3 | 17.4 | 14.7 | 18.9 | 17.3 | 16.2 | 15.8 | 15.6 | 18.2 | 14.7 | 23.6 | 19.1 |
| Education | 7.9 | 5.8 | 6.9 | 4.6 | 4.9 | 3.3 | 2.7 | 3.5 | 3.5 | 4.5 | 4.1 | 5.8 | 4.5 |
| Health | 5.0 | 4.9 | 2.9 | 3.2 | 3.9 | 3.2 | 3.1 | 3.0 | 2.9 | 3.2 | 3.7 | 3.6 | 4.0 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| | (196) | (467) | (858) | (663) | (1578) | (3943) | (10965) | (22292) | (12737) | (43410) | (7086) | (15859) | (10352) |

Note: Figures in ( ) are Rs. in 100 millions.
+ 1966-68 (Three annual plans)
++ 1990-91 and 1991-92 (Two annual plans)
Source: Five Year Plan(s), and Economic Survey(s)

priorities is quite obvious from the figures in Table 2.10. In the first five year plan, 56 per cent of the total plan resources to education were allocated to elementary education, 13 per cent to secondary, 9 per cent to university education and 13 per cent to technical education. The relative importance given to elementary education declined to 35 per cent in the second plan, to 34 per cent in the third plan, and gradually to 30 per cent in the sixth plan. It is only again during the seventh and the eighth plans significant efforts were made to increase the allocation substantially, though the allocation in the eighth plan was still less than the corresponding one in the first plan in percentage terms. The share of other levels, excepting technical education, experienced a significant increase, though the increase is not smooth until the sixth plan. In the first plan only 13 per cent of the total educational expenditure was meant for secondary education and by second plan it increased to 19 per cent where as that for university level increased from less than one-tenth to nearly one-fifth in the second plan, to about one-fourth in the fourth and fifth plans, reduced to about one-fifth in the sixth five year plan, and then seems to have been drastically reduced to nine per cent in the seventh plan.

Elementary education was given a boost in the seventh plan. This boost seems to have been possible with severe cuts in plan resources for secondary and higher education. Elementary education received a more favourable treatment in the eighth plan. (Figure 2.4)

The plan period can be divided into four phases depending on the pattern of intra-sectoral allocation of resources to education, viz., phase I: 1951-56 (the first five year plan period), phase II: 1956-69 (the period covering the second and the third five year plans, and the annual plans), phase III: the post-1968 *Policy* period up to 1980, or simply 1969-1986, and phase IV: the post-1986 (*Policy*) period. Phase I witnessed a substantial part, nearly three-fifths, of the total plan educational resources, being allotted to elementary education, i.e., high priority was given to elementary education and a low priority to higher and technical education. The period favorable to elementary education ended with the end of the first five year plan. Phase II, specifically the second five year plan marked the beginning of a drastic decline of resources allocated to elementary education and a doubling or trebling of resources allocated for higher education. It may also be noted that the overall developmental priorities also changed with the beginning of the second five year plan. Relative emphasis shifted from agricultural sector in favor of industrial sector. Industrial development requires manpower, and higher education was looked towards for the supply of manpower. Accordingly, expenditure on higher education was increased considerably. It reached a proportion of 24 per cent by 1967-68, while the corresponding figures for elementary education showed a decline from 56 per cent in first plan to 17 per cent in 1966-67. Phase III, i.e., period after 1969 showed a slight reversal of these trends. The proportion of elementary education showed an increasing trend and that of university and technical education showed a gradual decline. This may be attributable partly to the Education Commission's (1966) concerns, and the *National Policy on Education 1968* that laid emphasis on elementary education. 1986 marks the beginning of the renewed emphasis on elementary education, with the formulation of the *National Policy on*

## Table 2.10: Intra-Sectoral Allocation of Plan Expenditure in Education in India in the Five Year Plans

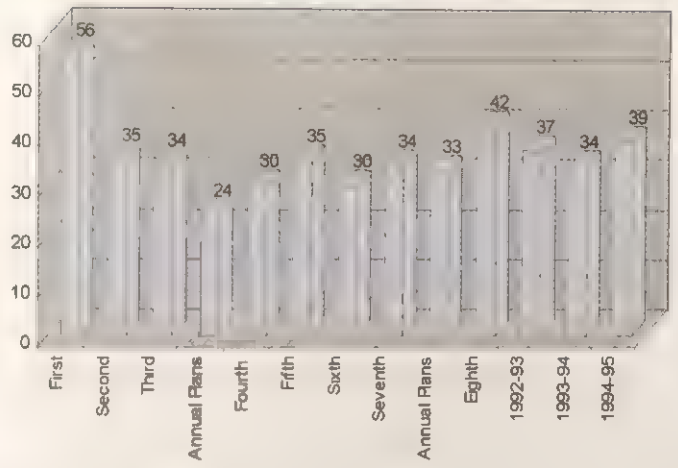
(Rs. in 10 millions)

| Five Year Plan | Elementary | Adult | Secondary | Higher | Technical | Grand Total | % of Total Plan Outlay |
|---|---|---|---|---|---|---|---|
| First | 85 | 5 | 20 | 14 | 20 | 153 | 7.86 |
| | (56) | (3) | (13) | (9) | (13) | (100) | |
| Second | 95 | 4 | 51 | 48 | 49 | 273 | 3.83 |
| | (35) | (1) | (19) | (18) | (18) | (100) | |
| Third | 201 | 2 | 103 | 87 | 125 | 589 | 6.87 |
| (34) | (0.3) | (18) | (15) | (21) | (100) | | |
| Annual | 75 | .. | 53 | 77 | 81 | 322 | 4.86 |
| Plans** | (24) | | (16) | (24) | (25) | (100) | |
| Fourth | 239 | 6 | 140 | 195 | 106 | 786 | 5.0 |
| | 30 | 1 | 18 | 25 | 13 | 87 | |
| Fifth | 317 | 33 | 156 | 205 | 107 | 912 | 3.27 |
| | (35) | (4) | (17) | (22) | (12) | (100) | |
| Sixth | 883 | 156 | 736 | 530 | 324 | 2943 | 2.70 |
| | (30) | (3) | (25) | (18) | (11) | (100) | |
| Seventh | 2849 | 470 | 1829 | 1201 | 1083 | 8500 | 3.50 |
| | (34) | (6) | (22) | (14) | (12) | (100) | |
| Annual | 1734 | 376 | 1079 | 595 | 848 | 5318 | 4.20 |
| Plans+ | (33) | (7) | (20) | (11) | (16) | (100) | |
| Eighth++ | 8936 | 1808 | 3498 | 1516 | 2786 | 21217 | 4.90 |
| | (42) | (8) | (16) | (7) | (13) | (100) | |
| Annual plan | 1097.19 | 195.45 | .. | .. | 483.4 | 2994.23 | |
| 1992-93 | (37) | (7) | | | (16) | (100) | |
| Annual plan | 1190.12 | 218.91 | 835.65 | 338.01 | 445 82 | 3506.17 | |
| 1993-94 | (34) | (6) | (24) | (10) | (13) | (100) | |
| Annual plan | 1814.22 | 308.02 | .. | .. | 704.06 | 4681.75 | |
| 1994-95# | (39) | (7) | | | (15) | (100) | |
| Annual plan | 2050.84 | 330.66 | 409.11 | 245 | 867 | 5811.15 | |
| 1995-96$ | (35) | (6) | (7) | (4) | (15) | (100) | |

Note: * Includes pre-school education; .. Negligible; ++ Outlay;
E: Estimates by the Planning Commission, ** 1965-66 to 1967-68 (three years)
+ 1990-91 and 1991-92 (two years)
Totals may not add up, as Totals include expenditure on other programmes such as art & culture, youth services etc

Source. Five Year Plan(s), Annual Plans(s), Analysis of Annual Plan Education Sector (various years), and the Report of the NDC Committee on Literacy, Planning Commission New Delhi

**Figure 2.4**
**Share of Elementary Education in Education Expenditure in the Five Year Plans (%)**




*Education (1986)*, and with the 'operation blackboard' and similar other programmes launched by the union and state governments. The allocation for elementary education was stepped up significantly during the seventh five year plan, and the eighth five year plan continues to lay the same emphasis on elementary education.

Though the third phase showed marginal improvements so far as elementary education is concerned, it has yet to go a long way to reach the proportion that it obtained in the first plan. As it has been argued by Tilak and Varghese (1990), had the pattern of intra-sectoral allocation of resources in education sector adopted in the first five year plan continued, universalization of elementary education would have been an easy task, if not already accomplished by now.

While universalization of elementary education has been becoming an increasingly tougher and tougher task, causing repeated postponement of the goal, the relative priority given to elementary education in the total educational expenditures has gradually declined over the successive five year plans.

### Plan and Non-Plan Expenditure on Elementary Education

All this may present only a partial picture because non-plan expenditure is also equally important. Plan expenditure on education, including in case of elementary education, is relatively very small, compared to non-plan expenditure on education. In fact, non-plan expenditures form the major chunk of expenditures on education. A large proportion of the expenditure on elementary education (and also education as a whole) is non-plan is nature, and presently only 12 per cent is of the plan category. Since 1980-81, this

proportion has increased from 5.9 per cent to 7.5 per cent in 1990-91 and then jumped to 24 per cent in 1996-97 (Table 2.11). It may be emphasised that since non-plan expenditure is only for maintenance, the smaller plan expenditure, the small is the scope for setting new directions of development and to introduce reforms.

But the trends in total, plan *plus* non-plan, expenditure are also of the same kind, as described above (Figures 2.5 and 2.6). The share of elementary education in GNP has decreased marginally from 1.53 per cent in 1989-90 to 1.38 per cent in 1995-96 (Table 2.12). This is the change during the post 1986 Policy decade, though it is generally felt that high priority is being given to elementary education after the 1986 Policy. The trend is not the same in all states. Himachal Pradesh, for example, allocated four per cent of its SDP to elementary elucidation, and Punjab about one per cent only (Figure 2.7).

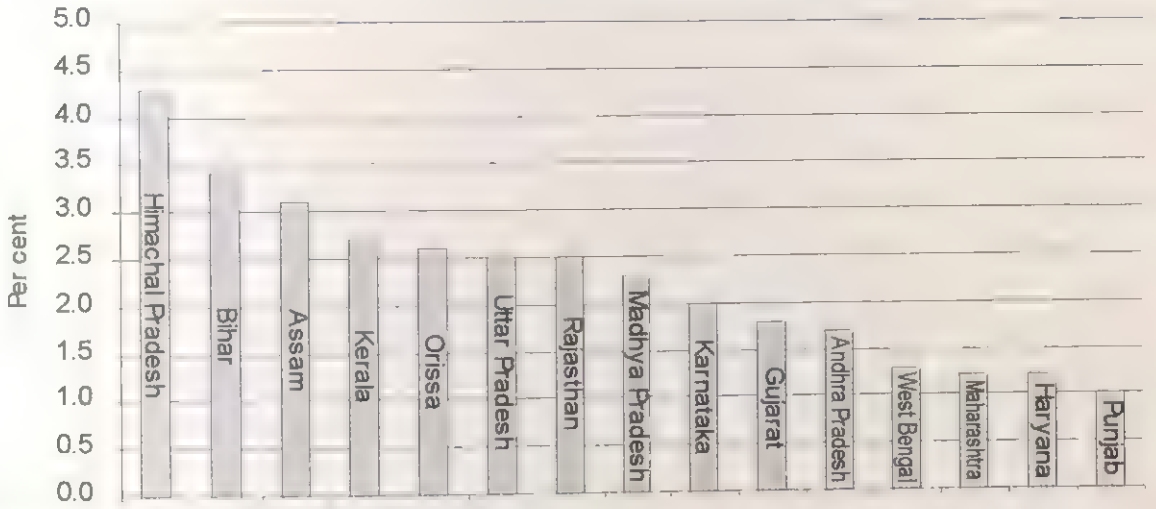
**Table 2.11: Plan and Non-Plan Expenditure on Elementary Education**

(per cent)

| | Plan | | Total | Total Rs in Ten Millions |
|---|---|---|---|---|
| 1980-81 | 5.9 | 94.1 | 100 | 1537.3 |
| 1981-82 | 6.2 | 93.8 | 100 | 1660.7 |
| 1982-83 | 7.3 | 92.7 | 100 | 2172.1 |
| 1983-84 | 8.8 | 91.2 | 100 | 2475.3 |
| 1984-85 | 9.2 | 90 8 | 100 | 2854.9 |
| 1985-86 | 7.7 | 92.3 | 100 | 3448.3 |
| 1986-87 | 8.9 | 91 1 | 100 | 3881.7 |
| 1987-88 | 11.8 | 88.2 | 100 | 4856.7 |
| 1988-89 | 12.9 | 87.1 | 100 | 5539 8 |
| 1989-90 | 14.0 | 86 0 | 100 | 6888.3 |
| 1990-91 | 7 5 | 92 5 | 100 | 7729 7 |
| 1991-92 | 8.1 | 91.9 | 100 | 8401 4 |
| 1992-93 | 11.2 | 88 8 | 100 | 9477.3 |
| 1993-94 | 12.2 | 87 8 | 100 | 10821 8 |
| 1994-95 | 14.1 | 85 9 | 100 | 12638.9 |
| 1995-96 | 18 0 | 82 0 | 100 | 15217.8 |
| 1996-97 (R) | 20 8 | 79 2 | 100 | 18047.3 |
| 1997-98 (B) | 22.3 | 77.7 | 100 | 20781.8 |

Note: R: Revised estimate; B: Budget estimate
Source: Analysis of Budgeted Expenditure on Education (various years)

## Figure 2.5
### Share of Expenditure on Elementary Education in SDP




## Figure 2.6
### Expenditure per Student in Elementary Education (Rs.)

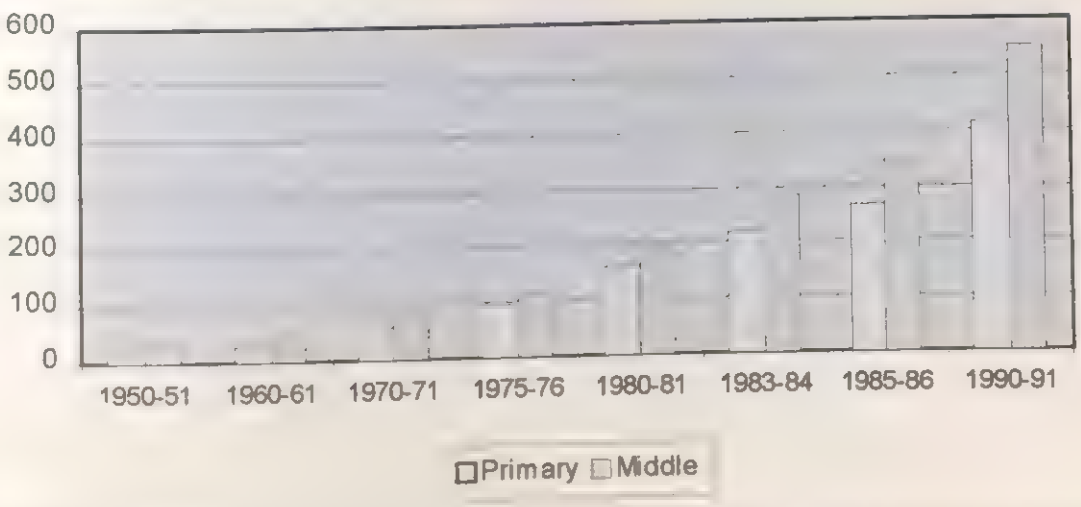


**Figure 2.7**
**Expenditure on Elementary Education**
**(In Current Prices)**


The share elementary schools in the total 'direct/ recurring' expenditure on education, plan and non-plan combined together, remained more or less stagnant, ranging between 40 per cent and 50 per cent (Table 2.13).

Though plan expenditures are relatively small, the increase in plan expenditure is very important as plan expenditures allow increase in development activities, including construction of school buildings, recruitment of new teachers and launching of new development programmes. The significant increase in the relative share of plan expenditure on elementary education in the 1990s could be due to (a) the massive operation blackboard programme that involved provision of additional classrooms, additional teachers in single teacher schools, and provision of a huge basket of teaching learning material, that is expected to have significant effects on quality of education, (b) provision of incentives, particularly noon meals to school children, and (c) flow of external aid to education, in the form of DPEP and other projects.

In all, expenditure on elementary education increased significantly in current prices. During the 1990s alone, the public expenditure on elementary education increased by 2.4 times from Rs.7,956 crores in 1990-91 to Rs.20,780 crores by 1997-98 (budgeted). However, in real prices the growth has not been so impressive (as already seen in Table 2.12).

### Inter-Functional Allocation of Resources

Further, functional classification of expenditure on elementary education given in Table 2.14, though dated, confirms the most prevalent view that non-recurring expenditure on buildings, libraries, equipment, furniture, etc., forms a very small proportion, 2.1 per cent, of total expenditure on elementary education. That many primary schools are run in open space, *kachha* buildings, inadequate rooms, etc., is a clear reflection of the

**Table 2.12: Trends in Expenditure on Elementary Education in India (Rs. in millions)**

| Year | Current Prices | 80-81 Prices | Share of Elementary Expenditure in GNP (%) |
|---|---|---|---|
| 1950-51 | 463 | 2261 | 0.50 |
| 1955-56 | 694 | 3776 | 0.68 |
| 1960-61 | 1259 | 5259 | 0.78 |
| 1965-66 | 2023 | 6291 | 0.78 |
| 1970-71 | 4074 | 9567 | 0.95 |
| 1975-76 | 7873 | 11663 | 1.00 |
| 1980-81 | 13921 | 13921 | 1.02 |
| 1983-84 | 22016 | 17133 | 1.07 |
| 1984-85 | 28550 | 20670 | 1.24 |
| 1985-86 | 34483 | 23228 | 1.32 |
| 1986-87 | 38817 | 24546 | 1.34 |
| 1987-88 | 48567 | 28290 | 1.47 |
| 1988-89 | 55398 | 29862 | 1.42 |
| 1989-90 | 68883 | 34284 | 1.53 |
| 1990-91 | 79555 | 35693 | 1.51 |
| 1991-92 | 86843 | 34033 | 1.44 |
| 1992-93 | 94773 | 34055 | 1.37 |
| 1993-94 | 108218 | 35963 | 1.37 |
| 1994-95 | 126389 | 37863 | 1.34 |
| 1995-96 | 152177 | 42148 | 1.38 |
| 1996-97® | 180473 | 47023 | 1.43 |
| 1997-98(B) | 207818 | 51696 | 1.47 |
| Rate of Growth (1950-51/1997-98) | 31.0 | 13.32 | |

Note: 1984-85 onwards government expenditure only

Source: Upto 1983-84 Based on Education in India
After 1983-84: Department of Education
Ministry of Human Resource Development

## Table 2.13: Trends in Intra-sectoral Allocation of Total Expenditure on Education in India (Rs. in millions)

| Year | Direct Recurring Expenditure on | | | | Total | Indirect/ Non-Rec. Expenditure | Grand Total |
|---|---|---|---|---|---|---|---|
| | Elementary Schools | Secondary Schools | Professional Schools | Higher Education | | | |
| 1950-51 | 463 | 231 | 60 | 184 | 921 | 232 | 1153 |
| | (48) | (25) | (7) | (20) | (100) | | |
| 1955-56 | 694 | 376 | 81 | 293 | 1148 | 449 | 1897 |
| | (48) | (26) | (6) | (20) | (100) | | |
| 1960-61 | 1259 | 689 | 146 | 585 | 2573 | 870 | 3444 |
| | (42) | (27) | (6) | (22) | (100) | | |
| 1965-66 | 2023 | 1504 | 105 | 1241 | 4673 | 1192 | 5853 |
| | (39) | (32) | (2) | (27) | (100) | | |
| 1970-71 | 4074 | 2700 | 128 | 2709 | 9611 | 1572 | 11183 |
| | (43) | (28) | (1) | (28) | (100) | | |
| 1975-76 | 7873 | 4636 | 206 | 5410 | 17925 | 3122 | 21047 |
| | (44) | (25) | (1) | (30) | (100) | | |
| 1980-81 | 13921 | 10102 | 388 | 10014 | 34425 | 1981 | 36406 |
| | (41) | (29) | (1) | (29) | (100) | | |
| 1983-84 | 22016 | 14414 | 610 | 15068 | 52699 | 2539 | 55238 |
| | (42) | (27) | (1) | (29) | (100) | | (100) |
| 1984-85 | 28550 | 20200 | - | 14788 | - | - | 63538 |
| | (45) | (32) | | (23) | | | (100) |
| 1985-86 | 34483 | 22939 | - | 17148 | - | - | 74570 |
| | (46) | (31) | | (26) | | | (100) |
| 1986-87 | 38817 | 26011 | - | 22675 | - | - | 87516 |
| | (44) | (30) | | (23) | | | (100) |
| 1987-88 | 48567 | 32196 | - | 23539 | - | - | 104302 |
| | (47) | (31) | | (23) | | | (100) |
| 1988-89 | 55398 | 39780 | - | 28909 | - | - | 124087 |
| | (44) | (32) | | (24) | | | (100) |
| 1989-90 | 68883 | 47215 | - | 22099 | - | - | 150442 |
| | (46) | (31) | | (15) | | | (100) |
| 1990-91 | 79555 | 55311 | | 23118 | - | - | 171936 |
| | (46) | (32) | - | (13) | | | (100) |
| 1991-92 | 86843 | 61988 | | 24437 | - | - | 187576 |
| | (46) | (33) | - | (13) | | | (100) |
| 1992-93 | 94773 | 71780 | | 26999 | - | - | 209529 |
| | (45) | (34) | - | (13) | | | (100) |
| 1993-94 | 108218 | 77585 | | 31036 | - | - | 234131 |
| | (46) | (33) | - | (13) | | | (100) |
| 1994-95 | 126389 | 90495 | | 35253 | - | - | 272321 |
| | (46) | (33) | - | (13) | | | (100) |
| 1995-96 | 152177 | 103440 | | 38713 | - | - | 315135 |
| | (48) | (33) | - | (12) | | | (100) |
| 1996-97(R) | 180473 | 117895 | | 44727 | - | - | 370459 |
| | (49) | (32) | - | (12) | | | (100) |
| 1997-98(B) | 207818 | 123711 | | 49097 | - | - | 412459 |
| | (50) | (30) | - | (12) | | | (100) |
| Rate of Growth (1950- 51/1997-98) | 31.0 | 32.1 | | 25.2 | | 29.0 | |

Note: 1984-85 onwards government expenditure only
Source: Upto 1983-84: Based on Education in India
After 1983-84: Department of Education, Ministry of Human Resource Development

same. Expenditure on fixed capital such as buildings, however, increases with increase in levels of education. On the whole, formation of fixed capital in this human capital industry, such as in the form of buildings takes place at a very slow pace.[8] The slow pace may be justified, as the capital needs of the education sector might decline with fewer and fewer new schools being needed and opened, as there exist already schools in almost every habitation. But it should be noted that the backlog in terms of buildings is still high. This is clearly understandable as very often not only schools, but also colleges and even universities are found with no basic infrastructure facilities like buildings, furniture and equipment. Thus the present pattern of spending does not contribute much to physical capital formation.

Of the total recurring expenditure on elementary education, teachers' salaries amount to more than 90 per cent, and expenditure on the salaries of the non-teaching staff form the next largest proportion, about three per cent. All other items, including teaching learning material like apparatus, chemicals, books, libraries, and others like financial incentives, games, sports etc., receive negligible amounts. Teachers' salaries increase as a proportion of the total recurring expenditure, as one goes down the educational ladder.

Available data for the 1990s allow another brief look at inter-functional classification of expenditure on elementary education, classified in a different form (Table 2.15). The pattern in the 1990s does not show any systematic trends and any significant changes in priorities. This may be partly due to the nature of data available. The available data do not provide a detailed break-up. Trends in expenditure on government schools show a zig-zag pattern — the relative proportion experiencing frequent ups and downs; grants in aid to local body schools remained more or less constant, and grants-in-aid to private schools also experienced a somewhat zig-zag pattern. Most, if not all of the aid to government, local body and private schools is for the salaries of teachers and others. So about 90 per cent of the total expenditure on elementary education could be treated as expenditure on salaries. Quite interestingly, the relative priority accorded to teacher training, remained constant. Though there is a marginal increase in the share of quality enhancing inputs like textbooks, the relative proportion continues to be very small, accounting for less than 0.5 per cent in 1996-97. The proportion allocated to financial incentives in the form of scholarships has marginally declined and continues to be rather insignificant — 0.3 per cent in 1996-97. This pattern of financing needs to be examined in contrast to research evidence available, though on other countries, that demonstrates significant effects of investment in non-salary items such as text books, and other teaching-learning material on the quality and overall efficiency of education systems in developing countries.

### Public Expenditure on Elementary Education per Student

The time trends in expenditure on education per student, that is indicative of some aspects of quality of education in terms of physical and human

[8] For example, the annual *real* rate of growth of non-recurring expenditure at upper primary level between 1976-77 and 1987-88 is 1.85 per cent, compared to 5.6 per cent in recurring expenditure.

## Table 2.14: Expenditure on Education, by Objects

| 1983-84 | | | |
|---|---|---|---|
| **Item** | **Primary** | **Middle** | **Elementary** |
| Recurring Expenditure | | | |
| Salary of Teaching Staff | 93.6 | 90.4 | 92.2 |
| Salary of Non Teaching Staff | 2.8 | 3.8 | 3.3 |
| Maintenance of Buildings | 0.6 | 0.7 | 0.7 |
| Maintenance of Equipment & Furniture | 0.2 | 0.3 | 0.2 |
| Apparatus, Chemicals, etc. | 0.1 | 0.1 | 0.1 |
| Libraries | 0.0 | 0.1 | 0.1 |
| Scholarships and other aids | 0.5 | 1.7 | 1.0 |
| Games and Sports | 0.1 | 0.1 | 0.1 |
| Hostels | 0.1 | 0.2 | 0.1 |
| Other Items | 1.9 | 2.7 | 2.3 |
| Total Recurring | 100.0 | 100.0 | 100.0 |
| | (1289) | (912) | (2201) |
| Non Recurring Expenditure | | | |
| Libraries | 0.8 | 2.9 | 1.7 |
| Buildings | 55.8 | 46.5 | 51.9 |
| Equipment | 6.1 | 7.0 | 6.5 |
| Furniture | 7.1 | 6.9 | 7.0 |
| Other Items | 30.0 | 36.7 | 32.9 |
| Total Non Recurring | 100.0 | 100.0 | 100.0 |
| | (27) | (19) | (46) |
| Distribution of the Grand Total | | | |
| Recurring Expenditure | 98.0 | 97.9 | 98.0 |
| Non-Recurring Expenditure | 2.0 | 2.1 | 2.0 |
| Grand Total | 100.0 | 100.0 | 100.0 |
| | (1315) | (932) | (2247) |

Note: Figures in ( ) are Rs in ten millions.

Source: Based on Education in India 1983-84.

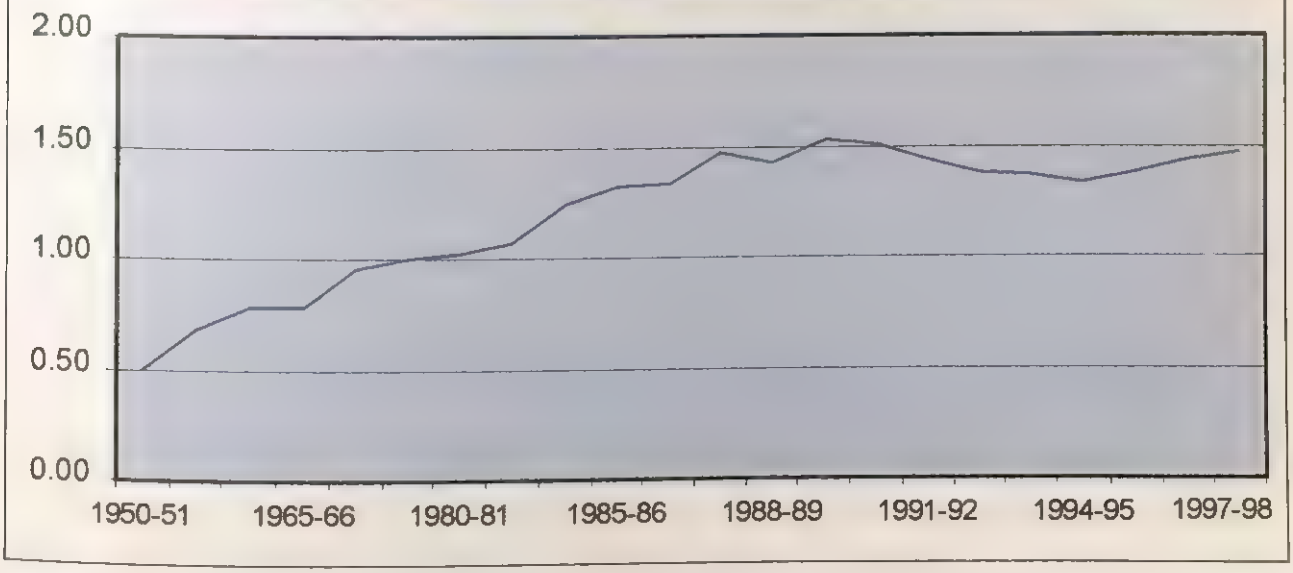
Table 2.15: Intra-Sectoral Allocation of Public Expenditure on Elementary Education in India

| | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 1995-96 | 1996-97 |
|---|---|---|---|---|---|---|---|
| Direction, Inspection & Admn., | 2.4 | 2.6 | 2.9 | 2.7 | 2.5 | 2.2 | 2.0 |
| Assistance to Govt Schools | 37.5 | 27.1 | 50.1 | 36.7 | 42.9 | 39.5 | 39.9 |
| Assistance to Private Schools | 25.9 | 26.4 | 17.4 | 16.3 | 19.1 | 21.6 | 22.3 |
| Assistance to Local Body Schools | 22.7 | 23.0 | 24.0 | 23.1 | 23.3 | 23.2 | 22.5 |
| Teacher Training | 6.5 | 7.1 | 1.2 | 7.7 | 7.2 | 7.0 | 6.9 |
| Non-Formal Education | 0.5 | 9.7 | 0.6 | 8.6 | 0.4 | 1.0 | 0.8 |
| Scholarships | | 0.4 | 0.4 | 0.2 | 0.1 | 0.2 | 0.3 |
| Textbooks | | 0.2 | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 |
| Other | 4.5 | 3.5 | 3.0 | 4.4 | 4.2 | 4.8 | 4.8 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

1995-96: Revised figures; 1996-97: budgeted figures.
Source: MHRD (various years)

infrastructure facilities available to students on average, presented in Table 2.16 are indeed disturbing. In the four decades after the inception of planning, i.e., from 1950-51 to 1990-91 expenditure per pupil on primary education increased at a very modest rate of growth of 2.1 per cent in real prices; and middle level education at a rate of growth of less than one per cent, even though the trends in current prices are somewhat impressive (Figure 2.8).

**Figure 2.8**
**Share of Elementary Education in GNP (%)**



There are significant decadal variations. During the decade of the 1970s, the expenditure per student on primary education increased fast, but during the same period, the expenditure per student in middle level registered a negative rate of growth. Middle level education received a favourable treatment only in the 1980s.

**Table 2.16: Per Student Public Expenditure by Primary and Middle Levels of Education (Rs. per annum)**

| Year | Primary | Middle | Primary | Middle |
|---|---|---|---|---|
| | At Current prices | | At 80-81 prices | |
| 1950-51 | 19.9 | 37.1 | 99.5 | 185.5 |
| 1960-61 | 27.6 | 40.5 | 115.0 | 168.8 |
| 1970-71 | 57.0 | 84.9 | 132.6 | 197.4 |
| 1975-76 | 95.9 | 114.2 | 141.0 | 167.9 |
| 1980-81 | 160.9 | 193.4 | 160.9 | 193.4 |
| 1983-84 | 217.1 | 285.1 | 168.3 | 221.0 |
| 1985-86 | 262.7 | 344.3 | 177.5 | 232.6 |
| 1990-91 | 411.4 | 547.6 | 184.5 | 245.6 |
| *Growth Rates (%)* | | | | |
| 1950-91 | 49.18 | 34.40 | 2.14 | 0.81 |
| 1950-61 | 3.9 | 0.9 | 1.6 | -0.9 |
| 1960-71 | 10.7 | 11.0 | 1.5 | 1.7 |
| 1970-81 | 18.23 | 12.78 | 2.14 | -0.20 |
| 1980-91 | 15.57 | 18.31 | 1.47 | 2.70 |

Source: Based on Education in India (various years).
Growth rate: Simple average annual growth rates

# Resource Requirements for UEE

Finding resources to finance universalisation of elementary education is an urgent task as well as, contrary to popular fears, is an entirely achievable task. On the basis of the recommendation of the high powered Saikia Committee, a Group of Experts was constituted to estimate the requirement of financial resources for making elementary education a fundamental right in the Constitution. Based on a detailed estimation of costs of each item/ programme the Group of Experts has estimated that universalisation of elementary education requires additionally Rs.136.9 thousand crores (1 crore = 10 million) during the next ten years (Table 3.1). While this figure may seem to be awesome, certainly being much higher than the Rs.40 thousand crores for a five year period, estimated by the Saikia Committee, it has to be noted that additionally it means only Rs.14 thousand crores a year on average, or additionally 0.7 per cent of GDP (if the GDP grows at a modest rate of growth of 5 per cent per annum). This should be easily possible.

According to the Committee's estimates, this would provide for a reasonably good pupil teacher ratio of 1:30, improved physical access to schools, provision of instructional material, other necessary incentives, and on the whole a tolerable minimum level of quality of education, etc., to every child in India, by the end of the first decade of the 21st century. The Expert Group also felt that if the government is serious about allocation of six per cent of GDP to education, the task becomes much more easy: six per cent of GDP would not only

**Table 3.1: Additional Expenditure Required for Universalisation of Elementary Education in India (Rs. in crores)**

| | Recurring | Non Recurring | Total | Total as % of GDP |
|---|---|---|---|---|
| 1998-1999 | 100 | 0 | 100 | 0.007 |
| 1999-2000 | 1500 | 2000 | 3500 | 0.24 |
| 2000-2001 | 4000 | 3000 | 7000 | 0.46 |
| 2001-2002 | 6000 | 4000 | 10000 | 0.62 |
| 2002-2003 | 8500 | 4000 | 12500 | 0.73 |
| 2003-2004 | 10000 | 4000 | 14000 | 0.78 |
| 2004-2005 | 13000 | 4000 | 17000 | 0.90 |
| 2005-2006 | 16000 | 4000 | 20000 | 1.01 |
| 2006-2007 | 20000 | 4000 | 24000 | 1.16 |
| 2007-2008 | 27250 | 1572 | 28822 | 1.32 |
| Total | 106350 | 30572 | 136922 | 0.72* |

Note: * average.
Source: Based on MHRD (1999).

provide the needed resources for universalisation of elementary education, but it also allows provision of additional resources for growth of secondary and higher education. Further, the Group showed that increasing of total allocation to education to reach six per cent of GDP is not at all difficult, given (a) the economy is likely to grow at a rate of growth of above five per cent, (b) the likely increase of tax/GDP ratio from 16 per cent to 18 per cent, and (c) the likely increase of the non-tax-revenue/GDP ratio from about three per cent to five per cent during the next ten years. The Group also had attempted to clear two absurd propositions that are in circulation: (a) that we cannot have universalisation of elementary education, because it is too costly; and (b) that the only way to have it to divert funds to it from higher education.

## Mobilisation of Resources for Elementary Education

In the process of review of the *National Policy on Education 1986*, the Government of India (1990) for the first time referred in detail to some of the methods that are nowadays being discussed to generate additional resources for education. These methods largely refer to higher education sector.

Prominent ones among the several measures that are discussed presently include: (a) raising fees, discriminately, (b) revitalization of the national loan programme for students, (c) special taxes such as graduate taxes, (d) corporate donations through liberal tax concessions, and (e) self financing by the education sector, and most of them are relevant in case of higher education, and to some extent in case of secondary education, but not in case of elementary education, and as such they are not discussed here.

As elementary education can be treated as a public good, and also as universalization of elementary education is, more than any thing else, a Constitutional obligation, and as the Constitution desired that it be provided free to all, very few in India and even in other countries, argue for raising non-governmental resources for elementary education substantially, excepting arguing for using existing resources more efficiently, for strengthening the base for local finances, and for generation of voluntary community resources to supplement the governmental efforts. The role of local bodies is being expected to be vital in not only generating more resources but also in the context of decentralized planning and management of school education. The 73rd Constitutional Amendment on Panchayati Raj institutions may result in more demands on Panchayats.

### *Decentralisation and Mobilisation of Community Resources for Financing Elementary Education*

Quite a few suggestions are being put forward to mobilize additional resources for elementary education. The Government of India (1986, 1990) explicitly favours community financing of elementary education. For example, the *National Policy on Education 1986* stated:

> "Resources, to the extent possible, will be raised by mobilizing donations, asking the beneficiary communities to maintain school buildings and supplies of some consumables, raising fees at the higher levels of education, and effecting some

savings by the efficient use of facilities..." (Government of India, 1986, p. 28).

In contrast to the earlier stand that the State shall provide resources for universalisation of elementary education, now, even for elementary education, is stated that non-governmental resources would be required. The Government of India (1986, p. 28) states:

> "the Government and the community in general will find funds for such programmes as: universalisation of elementary education; liquidation of illiteracy ."

It is being increasingly realized that the government has to accord a high priority for universalization of elementary education. At the same time, it is now being realized that the government's capability in funding education has reached a saturation point relatively, suggesting the need for a search for community resources for education.

An important development of the 1990s refers to significant efforts of the government to decentralise educational planning and administration and involvement of the community at various levels in planning, administration, financing, monitoring and supervision of the working of the school system. Following the Constitutional amendment in favour of Panchayat Raj institutions, and also the launching of externally aided projects in primary education, village education committees, school development committees and similar committees at various levels are set up with the involvement of the local community. With the participation of these committees, efforts are also being made to mobilise physical and financial resources for the village communities to finance elementary education. For example, the School Reform Act in Andhra Pradesh provides for establishment of Committees for people's participation in educational activities at various levels — a school committee, a Panchayat Education Committee, Mandal Education Committee, Municipal Education Committee, District Education Committee, and for monitoring the activities relating to education two boards one at district level called District Education Board and another state level called State Advisory Board for School Education. These committees at various levels are expected to be composed of parents, community leaders and teachers, with a fair representation of women. The Committees are vested with several powers including resource generation. Thus a significant move has been made on the part of the government to decentralise the administration of school education in the state. Such experiments are not however getting spread all over the country.

### Financing of Private Schools: Private Enrichment and Public Pauperization

One important issue that has significant implications for financing education, even school education, relates to private schools and the public policy towards private schools. In the present period, characterized by global wave of privatization, it is being increasingly felt that private schools are an effective answer to the problems of depleting public budgets. The role of private sector in educational development in India is totally different from that of the private sector in this mixed economy in general. Private education or

private schools necessarily mean a privately managed system, and not necessarily a privately funded system of education. Thus, private schools are of two kinds: private aided schools, and pure private or unaided private schools. The aided private schools do not provide any significant financial relief to the government, as more than 95 per cent of the recurring expenditure, and some times some part of capital expenditure of these schools are met by the government. Private institutions have to survive for a few years, 3-5 years, before they could qualify for government aid, some times even retrospectively.[1] Both during the initial and later periods, they might make profits by under paying teachers and other staff, charging various types of non-tuition fees, and through other questionable practices. Thus private sector not only does not necessarily reduce public financial burden, but also enriches itself at government and social expense.

That the private aided schools live with only public subsidies is an indisputable fact. For example, out of the total government expenditure on primary education in the state of Uttar Pradesh, 88 per cent was spent on private aided elementary schools, in the form of grants; this is to be contrasted with the number of schools. Just 1.7 per cent of the primary schools, and 14.3 per cent of the secondary schools in Uttar Pradesh are private aided ones, while the rest are run by government or local bodies (in 1993). In other words, an alarmingly disproportionate amount out of the government expenditure on elementary education was spent on an infinitesimally small number of the primary and upper primary schools. Similar is the situation in Tamil Nadu, though the degree of unevenness is not so sharp as in Uttar Pradesh. (Table 3.2). Thus private aided schools cause a severe inequitable distribution of government expenditure on education.

Thus it seems that private aided sector rarely generates any substantial resources on its own, but relies extensively on governmental grants. By taking away disproportionately (in relation to number of schools) large amounts from the limited public budgets, private sector also contributes to pauperization of government schools, and misallocation of public resources. It has already been noted in the earlier sections that the contribution of the private sector to public education in the form of voluntary donations and endowments is very small, and further that this share is rapidly declining. Given such evidence, it would be unrealistic to assume that private sector in education would provide any financial relief to the government.

The unaided primary schools do provide some financial relief, but at huge social and economic cost. The adverse effects include accentuating dualism, elitism, and class inequalities. Tilak (1994c) has analyzed the various characteristics of private versus public schools in India, and has found that the private schools cater to the needs of the rich only, their quality of education is not necessarily superior to the state run schools, they do not have any equity oriented programmes in the schools, etc.

It has been earlier found that the effects of private schools on income distribution in the society are so severe, that they even outweigh the positive

[1] In fact, it may not be appropriate to refer to such schools as 'private' schools.

## Table 3.2 Government Assistance to Private Schools and No. of Private Schools - Expenditure on a Given Level of Education (revised)

| | Government Assistance* | | % Of Private Schools+1993 | |
|---|---|---|---|---|
| | 1989-90 | 1995-96 | Primary | Middle |
| Andhra Pradesh | 8.3 | 7.4 | 4.19 | 7.96 |
| Arunachal Pradesh | .. | .. | 1.15 | 2.20 |
| Assam | 1.5 | 1.2 | 0.21 | 3.38 |
| Bihar | 0.0 | 0.0 | 0.59 | 1.82 |
| Goa | 0.0 | 0.0 | 4.15 | 16.38 |
| Gujarat | 0.0 | 0.0 | 1.40 | 5.62 |
| Haryana | 1.0 | 1.2 | 0.82 | 1.70 |
| Himachal Pradesh | 0.0 | 0.1 | 0.53 | 2.69 |
| Jammu & Kashmir | 0.0 | 0.0 | 0.28 | 0.95 |
| Karnataka | 3.8 | 1.5 | 1.73 | 11.28 |
| Kerala | 53.8 | 55.9 | 59.54 | 65.83 |
| Madhya Pradesh | 2.2 | 5.9 | 1.65 | 3.27 |
| Maharashtra | 0.1 | 0.1 | 4.67 | 6.04 |
| Manipur | 4.6 | 12.6 | 16.71 | 23.50 |
| Meghalaya | 69.6 | 28.8 | 22.30 | 91.55 |
| Mizoram | 32.6 | 17.3 | 10.51 | 39.75 |
| Nagaland | 0.6 | 0.1 | 1.82 | 14.08 |
| Orissa | 27.9 | 1.8 | 0.76 | 5.16 |
| Punjab | 0.5 | 3.6 | 0.53 | 2.01 |
| Rajasthan | 45.6 | 1.6 | 1.04 | 3.17 |
| Sikkim | 0.5 | 0.9 | 0.38 | 0.00 |
| Tamil Nadu | 80.2 | 31.7 | 16.17 | 32.94 |
| Tripura | 0.0 | 0.0 | 0.64 | 1.15 |
| Uttar Pradesh | 91.5 | 87.7 | 1.65 | 14.26 |
| West Bengal | 0.0 | 95.1 | 7.96 | 73.95 |
| Chandigarh | 4.5 | 0.0 | 0.00 | 0.00 |
| Delhi | 72.4 | 0.0 | 2.76 | 11.93 |
| Pondichery | 0.0 | 0.0 | 1.13 | 7.95 |
| **All India** | **27.4** | **25.9** | **3.94** | **10.71** |

Source. Analysis of Budgeted Expenditure on Education 1989-90 to 1991-92 and 1995-96 to 1997-98, Minsitry of Human Resource Development, Department of Education, New Delhi, 1991-92 and 1995-96 to 1997-98, Minsitry of Human Resource Development, Department of Education, New Delhi, 1986-87 and 1990-91 to 1992-93, Minsitry of Human Resource Development, Department of Education, New Delhi.

* as per cent of Total Governemnt expenditure on Education at the given level
+ as per cnet of All schools

effects of the vast public (government) school system, and thereby the net effect being significantly negative.

The private sector is slowly but steadily growing in size, though the present size is still very small. It is interesting to note that voluntary contributions to government institutions have come down very significantly, and at the same time the number of profit making private institutions has increased. These trends reflect a shift from motives of philanthropy and charity on the part of private enterprise to profit and greed.

Lastly, the size of private sector is very small, though it is causing significant distortions in the pattern of financing education. At the same time, its relative size cannot also increase significantly, as the benefits attached to private schooling are mostly due to scarcity of places in private schools, and the benefits get reduced with expansion of the private sector. It has also been found that the private sector has already reached 'optimum' levels in India, the 'optimum' levels being defined in terms of the share of private sector in developed countries like the US.

# Foreign Aid for Education[1]

Among the several sources of financing education in India, foreign aid has not been significant during the last four decades. But foreign aid is one important source of finances for education in several developing countries. Its importance gets enhanced in developing countries like India where public budgets for education become very tight with the structural adjustment policies adopted. But it is, however, too much to expect that foreign aid will solve the financial problem in education substantially in a vast country like India, when it could not do significantly even in small countries of Africa, Latin America and Asia. As Verspoor (1993, pp. 103-04) noted:

> "International aid has not been able to change the course of events. International meetings have set goals and redefined priorities on a regular basis. Over the past 25 years, a well-established education aid community has developed, with a busy meeting schedule, several newsletters, professional networkers, and aid watchers. It includes also an international education research community with several respectable journals. But the action has rarely been at par with the rhetoric. In fact, it can be argued that *external aid to education has been peripheral to the course of educational development.*" (emphasis added)

In the trends on foreign aid for education, a clear shift can be noted, the priority shifting from higher education in the 1960s to secondary education (diversification of secondary education in particular) in the 1970s and upto mid-1980s, and to primary education since the late 1980s. Relatively more aid began to flow to primary education. The World Conference on Education for All (Jomtien, 1990) is also partly responsible for the increased emphasis on foreign aid for primary education.

In India the need for external assistance for education in general, and primary education in particular was not felt for a long time. Foreign aid was felt necessary only in case of foreign exchange-intensive, capital intensive, and foreign expertise needed sectors only. Education in India in general, and primary education in particular, does not belong to either of these categories. The donors also felt the same. But like the rest of the new economic policies relating to liberalization, and structural adjustment, policies on foreign aid for financing primary education have been introduced without any serious debate in the country.

The 1990s is a decade that marks a new phase of developments in education in general, and primary education in particular, in case of foreign aid. Preceded by a serious economic crisis, the Government of India adopted in 1990 structural adjustment policies, which had inflicted serious cuts in budgetary resources for education in general, including elementary education in particular. Consequently, a social safety net programme was launched to protect vulnerable but

[1] This section partly draws from Tilak (1998).

important sectors like primary education and basic health care from the adverse effects of stabilisation and structural adjustment policies. Thus began the international assistance for primary education in India, which has been the most significant development in education in independent India, as external assistance was not sought even for other levels of education for a long time by the government of India during the fifty years of independence. In fact, quite a few international aid organisations were very eager to enter into the primary education scene in India from the mid-1980s onwards. However, the Government of India felt no need of external assistance for primary education. The foreign exchange crisis in 1989 followed by the adoption of structural adjustment policies, which were regarded as 'a necessary evil' changed the whole situation and thereby the approach of the government. For the first time, primary education sector was rather reluctantly opened to the enthusiastic external aid organisations on a large scale.[2] Starting with the World Bank assistance for primary education in ten districts in Uttar Pradesh and that of UNICEF in Bihar, a plethora of international — both multi-lateral and bi-lateral — aid organisations are currently in operation in India working for the improvement of primary education system. Some important organisations are: World Bank, European Community, UNICEF, United Nations Development Programme (UNDP), ODA of England, and Swedish International Development Agency (SIDA). In order to ensure better coordination from the point of view of the government of India and governments of various states (provinces) in India on the one hand, and the host of international aid organisations on the other, the government of India has launched a programme of District Primary Education Programme (DPEP), as a broad overall umbrella of international aid programmes in primary education in the country. Quite a few other programmes assisted by external agencies that were in existence before the formation of the DPEP are also brought under this common umbrella. A couple of projects however, remained separately.[3] In all, starting with 42 districts in seven states in phase I of the DPEP in 1994, the programme is expanded to cover 149 districts, as shown in Table 4.1, and in fact, is being planned soon to cover 242 districts in fifteen states, out of the total 500 and odd districts in the country.

## DPEP: Critical Issues and Emerging Trends

Given the situation in some other countries where a multitude of external agencies work on primary education uncoordinated, and even contributing to confusion, if not chaos, with conflicting policies, procedures, approaches and plans of action, the formation of the overall umbrella of DPEP by the government of India could be seen as an important step in a positive direction that facilitated better coordination among the three partners, viz., the government of India, the governments of the states, and the funding agencies, avoided duplication and ensured some kind of coherence and consistency in the overall programme. From

[2] There were a couple of minor projects in operation earlier. They include non-formal education projects in a few selected villages financed by United Nations Children's Fund (UNICEF) and primary education projects in selected schools in Andhra Pradesh funded by the Overseas Development Administration (ODA).

[3] The exceptions are: *Shiksha Karmi* project and the *Lok Jumbish* project in Rajasthan, both funded by Swedish International Development Agency and the *Mahila Samakhya* project financed by the Dutch government.

**Table 4.1: Geographical Coverage of DPEP (Number of Districts)**

| States | Phase I | Phase II | Phase III | In process | Total |
|---|---|---|---|---|---|
| Assam | 4 | 5 | .. | .. | 9 |
| Haryana | 4 | 3 | | | 7 |
| Karnataka | 4 | 7 | | | 11 |
| Kerala | 3 | 3 | | | 6 |
| Tamil Nadu | 3 | 3 | | | 6 |
| Maharashtra | 5 | 4 | | | 9 |
| Madhya Pradesh | 19 | 15 | | | 34 |
| Himachal Pradesh | .. | 4 | .. | | 4 |
| Gujarat | .. | 3 | .. | 6 | 9 |
| Orissa | .. | 8 | .. | 8 | 16 |
| Andhra Pradesh | .. | 5 | 14 | | 19 |
| West Bengal | .. | 5 | .. | 5 | 10 |
| Uttar Pradesh | .. | 15 | 3 | 38 | 56 |
| Bihar | .. | .. | 27 | .. | 27 |
| Rajsthan | | | 10 | 9 | 19 |
| Total | 42 | 80 | 54 | 66 | 242 |

Source. *DPEP Moves on....* (New Delhi: Ministry of Human Resource Development, 1997) and *DPEP Calling* (Nov. Dec., 1999).

the point of view of planning and management, this is indeed an important step, though it also worked as a catalytic force contributing to some weaknesses of the whole programme, as we discuss a little later.

Of all, the most important consequence of DPEP is relaxation of resource constraints in planning education. Educational planning under austerity (or under conditions of severe resource constraints) has had been the characteristic feature of planning education in India for a long time, as in many developing countries. Perhaps for the first time, the districts in India were told that each district participating in the DPEP would be given about Rs. 400 million for a 7 year project period under DPEP. While Rs.350-400 million is a substantial additional amount for a district, Rs.50-60 million per annum is not really that high compared to the present level of public spending of about Rs.600 million per district in India (1994-95). While there are not detailed and comprehensive estimates on trends in external aid for education, according to the available data, external assistance accounts for about Rs.10,000 million (in the 2000-2001 union budget), as shown in Table 4.2.

This may be compared to the current level of total

**Table 4.2: Externally Aided Projects in the Union Budget Plan Allocations (Rs. in crores)**

| Projects | 1999-2000B | 1999-2000R | 2000-01B | % Increase over the Revised Est. |
|---|---|---|---|---|
| *Shiksha Karmi* | 19.3 | 19.3 | 26.1 | 35.2 |
| *Mahila Samakhya* | 7.5 | 6.0 | 10.0 | 66.7 |
| *Lok Jumbish* | 50.3 | 40.0 | 56.1 | 40.3 |
| DPEP | 750.0 | 600.0 | 969.0 | 61.5 |
| Total | 827.1 | 685.3 | 1076.2 | 57.0 |

Note: R: Revised estimate; B: Budget estimate.
Source: *Expenditure Budget 2000-2001.*

expenditure on elementary education, which is about Rs.200 billion (thousand million) in the country (1997-98). Thus despite geographical expansion of the programme as noted earlier, it still cannot be regarded as a massive large scale programme of improvement of primary education all over India, as the funds constitute less than three per cent of the total expenditure of the government on elementary education. More than the effects of resource availability, the influence of the DPEP — both positive and negative — on the education scene as a whole is indeed very significant. These effects could either be direct or catalytic in nature.

District planning in primary education has been restored to a respectable place under the DPEP. While there has been much talk about the need for district planning in education in India for a long time ever since independence, including constitution of a few important national level committees on district or block level planning, few significant efforts could be made until recently in this direction, except for a couple of random district plans in education prepared earlier by researchers and planners. DPEP has been envisaged to be based on district planning, and accordingly, district planning in primary education became very important. This is the single most important positive contribution of DPEP.

One of the primary strategies of the DPEP is decentralisation of policy making, planning, administration and implementation of the educational policies and plans which is very important in a big country like India, where some of the states and even districts are larger than many countries in the world in terms of population. But when a uniform format was prepared under DPEP essentially by the government of India, some of the fundamental aspects relating to decentralisation went into oblivion. While the plans are formulated at decentralised levels, the formats for the formulation of the plans were given by the central government. The formats included detailed procedures and guidelines to be followed at every step. They also included specific limits on the availability of external resources and their broad pattern of allocation between different major items of expenditure — which are same for all districts.

It can be felt that at best the responsibility of implementation of the programme is decentralised, that too with limited degrees of freedom. The implementation is consistently monitored by central government and specially constituted bodies by the central government, apart from appraisal and reappraisal missions of the funding agencies. All this could not be avoided not only because the central government and several state governments are involved, but also because, to a great extent the funding agencies could also find it convenient to follow a commonly agreed format. Perhaps it can be safely concluded that such a common format enabled more state governments and new funding agencies to enter the scene and progress fast as well. The governments as well as the funding organisations find it convenient, though at the same time they might realise the loss of scope for innovations and experimentation in their activities.

Having noted all this, at the same time, it should be stated that various types and levels of manpower, including planners, administrators, educationists and community leaders at decentralised levels — the states, the districts and even lower levels — are involved in the preparation of the plans and in their execution, which gives not necessarily a pseudo, but in fact, somewhat a rich, flavour of decentralisation. This is because these several local bodies did not participate in such activities earlier in such a significant way. The 73rd and 74th Amendments of the Constitution of India also strengthened the mechanisms of decentralisation with the creation of village/local level sociopolitical bodies such as *Panchayat* (local government bodies at village level) and Village Education Committees.

This is again not free from all weaknesses. The creation of autonomous 'societies' at national, state, district and village levels to take active role in the management and implementation of the programme is an important feature of the programme in a framework of decentralisation. But simultaneously with the creation of these parallel structures, the government machinery seems to have been slowly sidelined. These parallel structures erode the importance of the government. In short, all this may lead to an increasingly reduced role of the government in education in general, including specifically primary education.

The Programme is in operation in about 150 of the 536 districts of the country. The government and also the external agencies could run such a massive programme relatively easily without facing serious problems and constraints, unlike in many other countries, partly because of the existence of highly trained, skilled and talented manpower, though not sufficiently evenly spread all over the country. As a result, the need, on a large scale, for consultants from abroad is not felt either by the government or by the external agencies. Further, capacity building of the manpower at local levels has been an important component of the programme, which gradually fulfils the increasing demand for trained middle level manpower. In fact, capacity building at local levels has been an important outcome, as it indeed becomes an important prerequisite for preparation of any meaningful district plan in a decentralised framework. As planning has been from above for a long time, expertise also got concentrated at national and state levels. Under DPEP it has become imperative to train and develop local level

manpower for planning, project preparation and for execution of the plans and projects. This is another important contribution of DPEP.

Similarly the massive programme could be run relatively smoothly, as a large amount of research on various aspects of primary education, which can be called in the terminology of the international funding organisations 'sector work' is already available, and the gaps in research could be filled in no time, due to the existence of a large network of universities and research institutions in the country with sufficiently well trained researchers. In a sense, the external agencies might not have felt the need for extensive technical assistance work to start the project but for collation of research. Further, the programme has a component of strengthening of research and research capacities of institutions and individuals. After all, elaborate research does help the funding agencies, in addition to helping the recipient governments, a lot.

A few more important trends also seem to be emerging, which may have serious long term implications. In a sense, the whole approach of the DPEP is highly sectarian, in stead of being holistic to the cause of education development. First, with different kinds and quantum of inputs being pumped into the DPEP districts and not in the non-DPEP districts, inequalities might be created between DPEP districts and non-DPEP districts even within a given state. The programme is geographically not holistic. Second, primary education is not approached in a holistic manner. For example, it would be surprising to note that 'Education For All', 'Universalisation of Elementary Education' and DPEP are perceived by state administration as different projects/programmes and are in operation in several states rather in an uncoordinated fashion. So even the programme of elementary education is not viewed as a holistic programme. Further, upper primary level, which is a part of the compulsory elementary ('basic') education in India, seems to have been given not sufficient attention. Thirdly, while the DPEP cells/ bureaus have been endowed with a higher level of physical, human and financial resources, and are also associated with modernisation and efficiency, systemic improvement such as in case of primary education as a whole, and in case of directorates of school education (that include primary education), not to speak of the department of higher education and the department of education as a whole in the states is not noticeable. Fourthly, other levels of education, particularly secondary and higher, are being increasingly ignored. Not only budgetary resources for secondary and higher education are either stagnant or have declined in recent years, but also even the planning and management aspects of secondary and higher education do not seem to be receiving the usual level of, if not adequate, attention of the government. Such a sectarian approach causes serious imbalances in education development in the society. The flow of external funds for primary education as "an adjunct to the structural adjustment operations" (Ayyar, 1996, p. 352) perhaps complicated the issues, as structural adjustment policies include reduced role of the state in all spheres including in education, specifically post-elementary education. Thus though funding for DPEP is programme-based, it might work like policy-based lending operations of external organisations.

An immediate fallout of DPEP can be reduced domestic efforts to finance primary education. The central government could suggest to the states to join DPEP and to go for external financing, so that it could reduce its transfers (or additional transfers) out of central revenues to states to finance primary education. Similarly states have been willing to go for external financing, as it can relieve pressures on themselves for (a) mobilising additional resources on their own, and (b) reallocation of budgetary resources in favour of primary education more efficiently. In addition, external assistance has been attractive to states, as the central government transfers the external assistance to states as grants, not as loans. Fall in domestic efforts to finance primary education is possible despite the condition of 'additionality' in external assistance, as the condition of additionality might refer to absolute level of expenditure incurred in the base year, and not to the rate of growth in expenditure experienced. On the whole, the states seem to view the programme essentially as a centrally sponsored programme with generous resources flowing into the states through central government. What seems to be overlooked both by the central and state governments is the long term debt burden on the people.

Either district planning or capacity building does not really require external assistance. It is a sad point that they could be made possible only under externally assisted programme of primary education. While the contribution of DPEP has to be acknowledged, it should be emphasised that the very fact that district planning and capacity building are revitalised only under an externally assisted programme speaks more about the inability and failure of the government on these two fronts during the last fifty years. More over, most, if not all, of the components of the DPEP — whether they relate to quantitative expansion, improvement in quality, or improvement in equity, or decentralisation — do not actually require foreign exchange. Many of these components have had been funded with the help of domestic resources. Thus a clear and sound rationale for external assistance for primary education does not exit. This is perhaps the most important weakness of the programme. The eagerness of the international aid organisations to finance primary education in India on the one hand, and the severely deteriorated general budgetary conditions of the government at the beginning of the 1990s on the other, have been responsible for launching of the programme of external assistance for primary education.

Correspondingly a very important and damaging consequence of DPEP (and the economic reform policies introduced since the beginning of the 1990s) has been of a different kind. A view, which people used to question, has been now widely accepted and has been least questioned, and it is: government does not have money even for primary education and for the development of any qualitative or quantitative or any dimension of primary education. An unfortunate and not necessarily a correct impression is being created that improvement in primary education in the country will be possible only with the help of external assistance. As a result, district after district and state after state are eager to enter the DPEP, as the only source available for financing primary education is believed to be external assistance. Resource poor (as well as resource rich) states

compete with each other to enter into the DPEP arena for external assistance for primary education. This, what can be described in familiar terms, as dependency culture, has widely spread in no time both horizontally across all parts of the country in all states, irrespective of political ideologies of the ruling parties in the states, and vertically at all layers of government and administration, and people in general in the whole country, creating a euphoria that primary education in the country cannot be developed without external assistance. This can be described as a sad and sudden turn in the history of primary education in independent India.

# Concluding Observations

The Constitutional Directive of universalisation of elementary education in India still eludes, even four decades after the expiry of the deadline prescribed by the Constitution. It is feared that unless sufficient resources are devoted to elementary education, and meaningful strategies are adopted, the goal might remain unaccomplished. In this paper a quick review of a few key dimensions of financing elementary education has been attempted. It should be seen as a modest attempt to present an analytical and descriptive review of major issues in financing education in India. Broad trends in financing education in India are outlined, and the policies discussed. Squeezing data from different sources, an elaborate statistical profile has also been attempted. For this purpose a few important issues have been selected, and on each issue empirical evidence is presented, and the available research is briefly surveyed to highlight the gaps in research and knowledge. But neither the issues selected are exhaustive, nor is the discussion on the issues highly in depth.

The rationale for financing of education is clear. Both economic theory and empirical evidence on returns to investment in education and distribution benefits of investment in education necessitate financing of education. The recognition of the investment nature and the public good characteristic of education are expected to influence the policies and pattern of financing education positively and significantly. The role of the government is found to be justifiably crucial in funding education in India.

Despite official recognition of education as an investment, and as a 'crucial investment for national survival' by the Government of India, the pattern of allocation of resources to education is far from satisfactory, judged in terms of adequacy, efficiency and equity. The priority accorded to education in the Five Year Plans, total government budget expenditures and in GNP need to be improved. There are signs of improvement in intra-sectoral allocation of resources in favour of elementary education.

The beginning of the 1990s is marked by a few significant developments in the socioeconomic spheres of the developing countries of the world. The World Conference on Education for All (Jomtien Conference) held in Jomtien, Thailand, in March 1990 has made a few significant contributions in the form of (a) recognition of importance of education for development and (b) correspondingly a revival of commitment of the governments, the internal organisations an the societies as large to education in general and to primary education in particular. In a sense, governments became more serious with the goals of Education for All.

Parallel to this, unfortunately the 1990s also marked a beginning of serious economic problems in most developing countries, necessitating adoption of stabilisation and structural adjustment reform policies. The economic reform policies had a serious adverse effect on public expenditures in general, including education in particular. Public budgets for education, including for elementary

education, began to suffer seriously. The social safety net programmes and corresponding flow of foreign aid to primary education, mitigated the adverse effects of economic reform policies on primary education, but only to a certain extent. As a result, today we find mixed trends in public financing of education in many developing countries in the 1990s.

India is not an exception to these global trends. Though the public expenditures on education, and also as a proportion of the government budgets showed an increase in the 1990s, public expenditures on education as a proportion of national income declined steeply from above four per cent to much below four per cent. Government expenditure on elementary education as a proportion of national income also declined from 1.6 per cent in 1990-091 to 1.4 per cent in 1996-97. In the last couple of years, allocations to elementary education have been increased. But a substantial part of the increase in the outlay for elementary education is accounted by external aid, leading many to warn that the growth in public expenditure on elementary education is largely "borrowed growth."

The need to enhance the levels of funding elementary education is obvious. It is estimated that realisation of the long cherished goal of universalisation of elementary education requires additionally Rs.137 thousand crores in the next ten years — about Rs.14 thousand a year, or on average about 0.7 per cent of national income per annum. This does not seem to be an un-achievable task, nor is it un-affordable. At the end it may, however, be noted that finances are only a necessary condition, but not a sufficient condition for achieving universal elementary education in India.

The issue of mobilising additional resources for education is also briefly discussed here. First, it is concluded that as far as school education, specifically elementary education a 'pure public' good and a 'merit' good, is concerned, there are no magic solutions. Government has to finance 'generously' education. Efforts to augment non-government resources may be restricted to higher education. Additional resources that can be generated from the community for financing school education may be viewed as supplementary resources and the government should own complete responsibility of funding. There are a few developments taking place in funding school education. Two important developments have been reviewed: privatization, and international aid. Both have their own limitations. The former accentuates socioeconomic inequalities in the society, besides leading to enrichment of the private sector and the pauperization of the government schools, and the latter cannot be an effective solution, even if associated anomalies can be eliminated. A strong political commitment to finance liberally the education sector from domestic resources seems to be the only alternative.

To conclude, the new economic policies initiated in 1991 that involve short term stabilization and long term structural adjustment policies in India are feared to immediately result in cuts in public budgets for education, as happened in several developing countries that adopted these policies. as these policies clearly involve reduction in public expenditures and deficits, and in the long run they

may result in a drastic change in public policies on financing of education. Higher education sector in India has already tasted bitterly some budget cuts. It is feared that primary and elementary education might also suffer. However, the District Primary Education Programme being launched with external assistance in several states is hoped to provide some sort of protection to primary education from the budget squeezes. Nevertheless, the financial crisis in education is transparent, and the crisis is forecasted to continue.

The need for strengthening the resource base for education is obvious. However the choices seem to be limited as far as school education is concerned. Given the Constitutional Directive, and other considerations, government should continue to take complete responsibility of financing elementary education, and other sources can only supplement the governmental efforts. There is need to improve the overall allocation pattern in financing education in India.

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